

# Coway Sustainability Report 2023

2022

coway



# Table of Contents

Overview	CEO's Message	3
	ESG Committee Chairman's Message	4
	Value Creation Story	5
	Sustainability Management System	8
<hr/>		
ESG Highlights	Stakeholders	10
	Double Materiality Assessment	11
	<b>E</b> Strengthening Eco-friendly Products and Technologies	14
	<b>S</b> Product Quality and Safety	19
	<b>G</b> Privacy and Information Security	24
<hr/>		
Environmental	Environmental Management	29
	Climate Change Adaptation Activities	40
	Water Resources	41
	Waste and Resource Circulation	42
	Hazardous Materials	45
<hr/>		
Social	Employees	47
	Partners and Suppliers	51
	Supply Chain ESG	54
	Safety and Health	58
	Customer-Centric Management	64
	Human Rights	71
	Contributions to the Local Community	75
<hr/>		
Governance	Corporate Governance	78
	Ethical Management	84
	Risk Management	87
<hr/>		
Appendix	About this report	90
	ESG Data	91
	Policies & Initiatives	103
	Reporting Frameworks	105
	Independent Assurance Statement	111
	Download Report	113



# Overview

## CEO Message

Hello, I am Jang-Won Seo,  
CEO of Coway.

As a 'Company caring for better Earth', we are building a company that takes better care of the planet.

Last year, Coway achieved record sales and operating profits through proactive risk management despite the rapidly changing business environment, including the global economic downturn and instability in the global supply chain due to geopolitical risks. This year, the external environment is expected to remain unpredictable due to the intensification of fluctuations in global interest rates and potential geopolitical risks. However, Coway will not step back when faced with negative situations, but will continue to build a sustainable and innovative Coway by expanding its global market share in line with trends and changes, enhancing its business model continuously, and maintaining stable labor relations.

In particular, this year, we will lead the expansion of our global market share with pride as the No. 1 environmental appliance company in Korea. We will strive to make Coway products a part of everyday life and help create a new living culture around the world. With customer value as our top priority, Coway will continue to create unrivaled value by making products that meet customer expectations through innovative design and quality improvement, and providing proactive customized services.

Over the past few years, Coway has made great efforts in ESG management by listening to the opinions of various stakeholders at home and abroad. This year, we declared our ESG management vision of 'Company caring for better Earth' and established our mid- and long-term strategic ESG slogan, 'Plans 2030 for the better Earth'. Guided by this vision and slogan, we plan to further strengthen our ESG management with a clear and specific direction.

We invite our customers, employees, and stakeholders to join us on this meaningful journey to create a better world and a better planet. We will remain a 'Company caring for better Earth' that meets your expectations in 2023.

Thank you.

CEO

Jang-Won Seo





# Hello, I'm Jin-Bae Kim, Chairman of Coway's ESG Committee.

First of all, I would like to thank our stakeholders for the generous they have extended to Coway's innovation for a better life, and our employees and domestic and overseas partners for joining Coway's continuous journey of innovation.

Coway established the ESG Committee in 2021 to strengthen ESG management based on the expertise and independence of the BOD. The ESG Committee is composed of experts with experience and capabilities in various fields, and collects the latest information and trends in each field to identify ESG-related risks and opportunities and establish strategies for implementation. Based on this, we disclose Coway's ESG management activities regularly and transparently to shareholders, investors, and stakeholders.

In 2022, Coway advanced its ESG management by establishing ESG management strategies and implementing key priorities. I would like to briefly introduce the achievements in each area.

In the Environmental (E) area, we completed the energy conversion (building the second eco-friendly solar power plant) as planned, to achieve the 50% carbon emission reduction target by 2030 (compared to 2020). In addition, we designed products taking into account the environmental impact of the entire process (improving energy consumption efficiency and applying eco-friendly materials), and more than 20 products designed by this process were selected for "Inno Star and Green Star Note"<sup>1)</sup> certifications in the first and second half of 2022".

In the Social (S) area, we carried out social contribution activities for the local community (donating water purifiers to help underprivileged neighbors enjoy clean water and air) and biodiversity conservation (creating a citizen-participation forest) based on our vision of being the 'Best Life Solution Company'. It was also the first year that we started strengthening corporate diversity and inclusion (founding the 'Blue Wheels' wheelchair basketball team). 'Blue Wheels' is the only wheelchair basketball team operated by a private company in Korea, securing the diversity of corporate members.

In the area of governance (G), we appointed highly qualified female outside directors to increase gender diversity and strengthen strategic decision-making at the board level based on diverse perspectives in line with the rapidly changing business environment.

Amidst the rapidly changing global business environment, Coway's ESG Committee monitors and complements performance in identifying and implementing the key ESG management tasks and upholds Coway's ESG management vision, "Company caring for better Earth".

The Coway's ESG Committee will continue to play a key role in sustainability management. We will make every effort to proactively respond to changes and transparently fulfill our commitments and responsibilities.

Thank you.

### Chairman of the ESG Committee

Jin-Bae Kim

김진배



1. InnoStar and GreenStar: The Korea Management Certification Institute (KMR) selects and certifies outstanding products and services in each category by evaluating their innovativeness and eco-friendliness in terms of various factors such as product quality, design, and user experience through consumer research.



## Business Model

Founded in 1989, Coway is a lifestyle service provider that cares about offering healthy everyday lifestyles to customers. We have developed a peerless business model designed to provide customers with rental of eco-friendly home appliances and professional follow-up services without the burden of ownership. We also offer periodic professional maintenance services to extend product value. In doing so, we have accomplished consistent growth, securing over 9.71 million domestic and overseas customers and stable cash flows.

We are committed to increasing the value of ‘Care’ our flagship program, providing various products and services, including ‘Water Care’, ‘Air Care’ and ‘Living Care’ in the Environmental Appliances segment, and ‘Sleep and Healing Care’ in the BEREX segment to ensure that our customers can enjoy a safe and clean living environment with access to clean drinking water and comfortable settings for a good night’s sleep at their homes filled with fresh air. In addition, we have developed the customer-tailored ‘IoCare (Internet of Care)’ program by incorporating IoT to sharpen our competitive edge. We also continue increasing our customer base through extension of the product line and global market. Driven by such peerless innovation, we work hard to consistently create value and increase profits for stakeholders.



## Business Value Chain

We do our best to provide life solutions based on customer trust and product innovation to enable our customers enjoy a safe and healthy life anytime and anywhere. To this end, we manage the entire process from the supply of materials and parts to production, sales, disposal, and recycling from the perspective of corporate sustainability to create robust economic, environmental, and social value.

### Consolidated Capital Statement

Category			Unit	2022
Financial Capital	Input	Total equity		23,119
		Total assets	KRW 100 million	43,650
	Output	Sales	KRW 100 million	38,561
		Operating profits		6,773
Manufactured Capital	Input	Investment in production facilities	KRW 100 million	140
		Procurement of products and raw materials		7,548
	Output	Product output 1)	Unit	28,894,463
		Average operation rate2)	%	79.7
Human Capital	Input	Total cost of education and training	KRW 100 million	8.7
		Total number of employee education hours3)	Hours	132,229
	Output	Productivity per person4)	KRW 1 million/person	591
Intellectual Capital	Input	Research and development expenses	KRW 1 million	95,759
		Research and development personnel	Persons	429
	Output	Intellectual property - patents		2,129
		Intellectual property - utility models	Cases	41
		Intellectual property - trademarks		3,662
		Intellectual property - design		1,019
Social Capital	Input	Mutual prosperity fund for suppliers	KRW 1 million	20,000
		Technology development support for suppliers		2,006
		Supplier welfare	Persons	1,035
		Capacity building for suppliers (Training)	Persons	374
	Output	Increase5) of sales for suppliers	KRW 1 million	200
		Technology development support for suppliers	Cases	561
Natural Capital	Beneficiaries of social contribution activities for households in Malaysia		Households	1,006
	Input	Investment in environment6)	KRW 1 million	2,585
		Total amount of materials used	Ton	14,906
		Total energy consumption	GJ	140,484
	Output	Greenhouse gas emissions	tCO <sub>2</sub> eq	6,827
		Waste recycled	Ton	17,740

1. Product volume: Product output + filter output

2. Average operation rate: Actual output/Maximum production capacity X 100

3. Total hours of employee education: Based on domestic worksites, excluding sales workforce

4. Productivity per person: Consolidated sales/Number of employees at the end of 2021

5. Increase of sales for suppliers: Amount of sales expansion in the promotion of management stability base for suppliers, such as localization of procured products

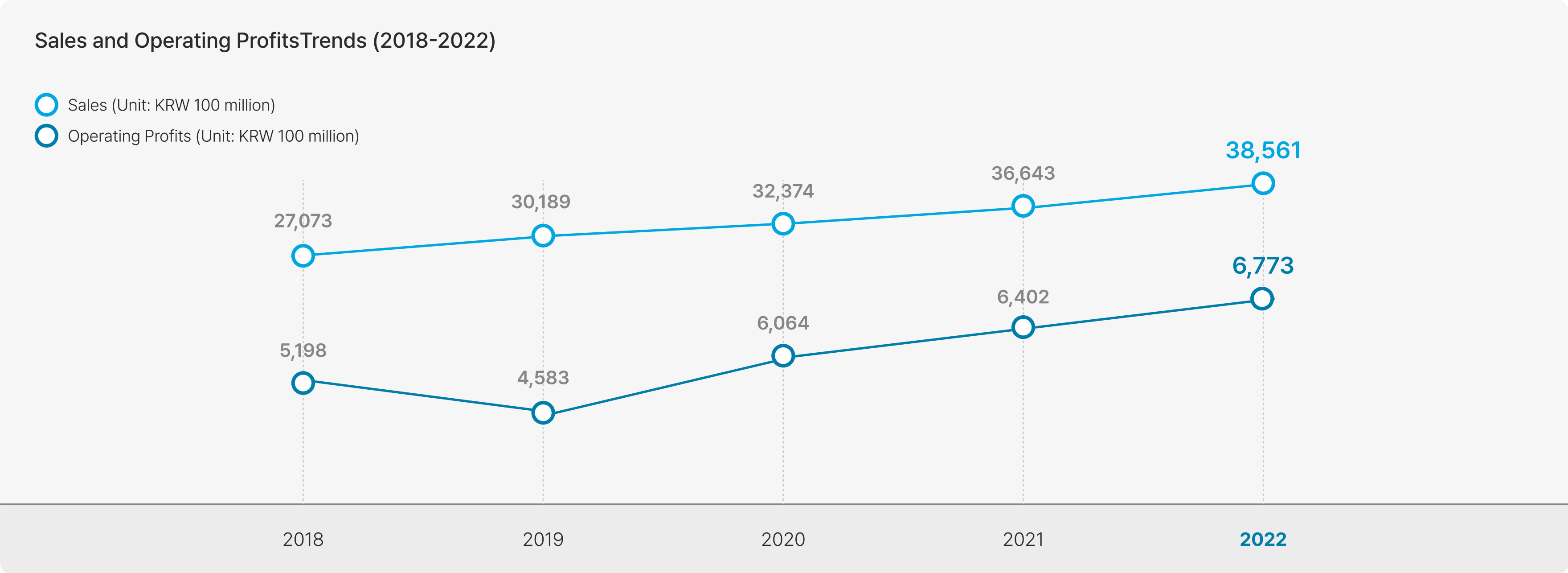
6. Investment in environment: Green Research and development expenditure not included



# Creation of Economic Value

Revenue growth for Coway continued in 2022, achieving KRW 3,856.1 billion in sales, up 5.2% from the previous year (KRW 3,664.3 billion). Operating income was KRW 677.3 billion, up 5.4% year-on-year, and net income was KRW 457.7 billion, down 1.6% from the previous year. The total number of active customer accounts in 2022 was 9.71 million (6.61 million domestic accounts and 3.1 million overseas accounts), an increase of 630,000 accounts year-on-year.

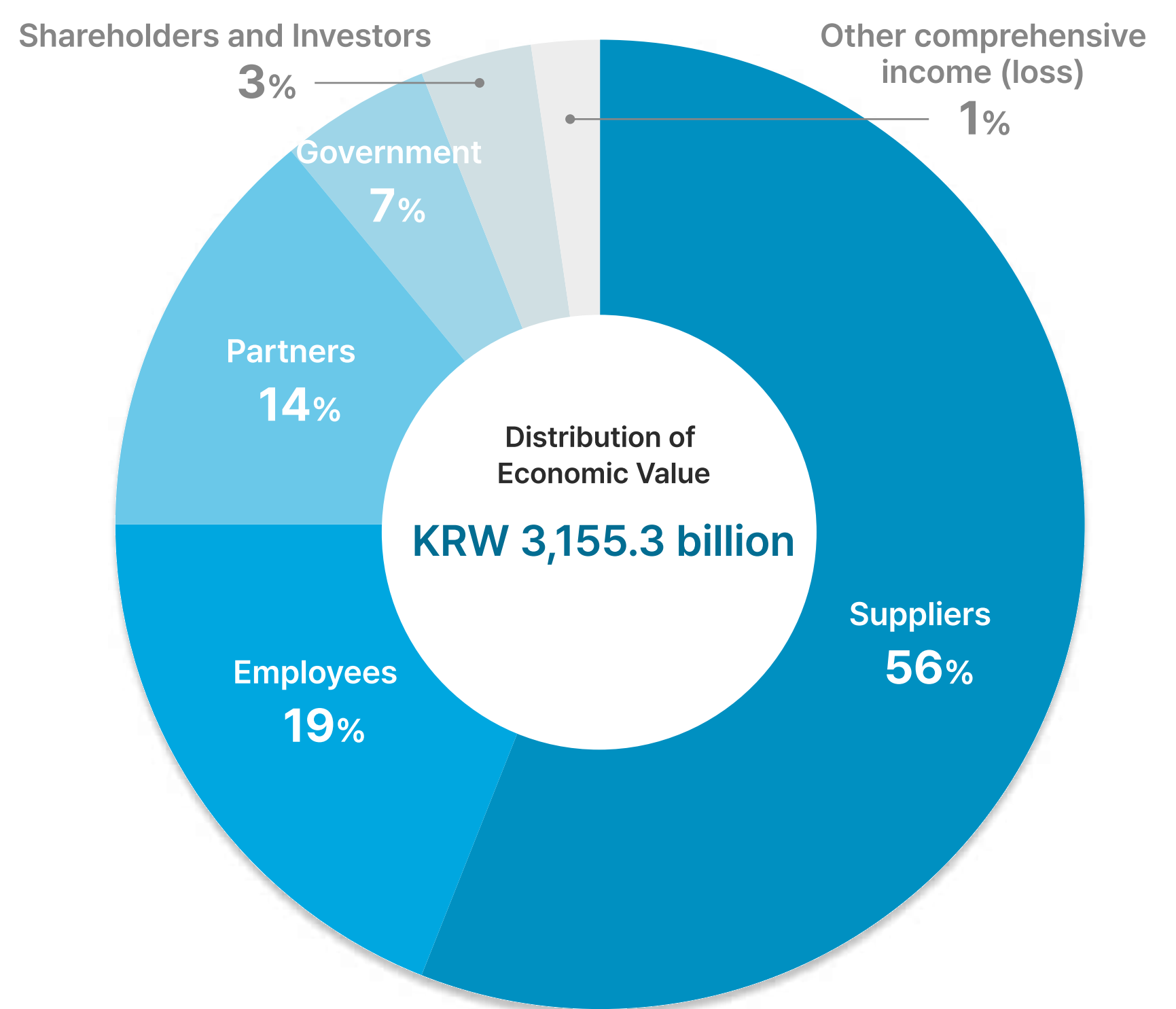
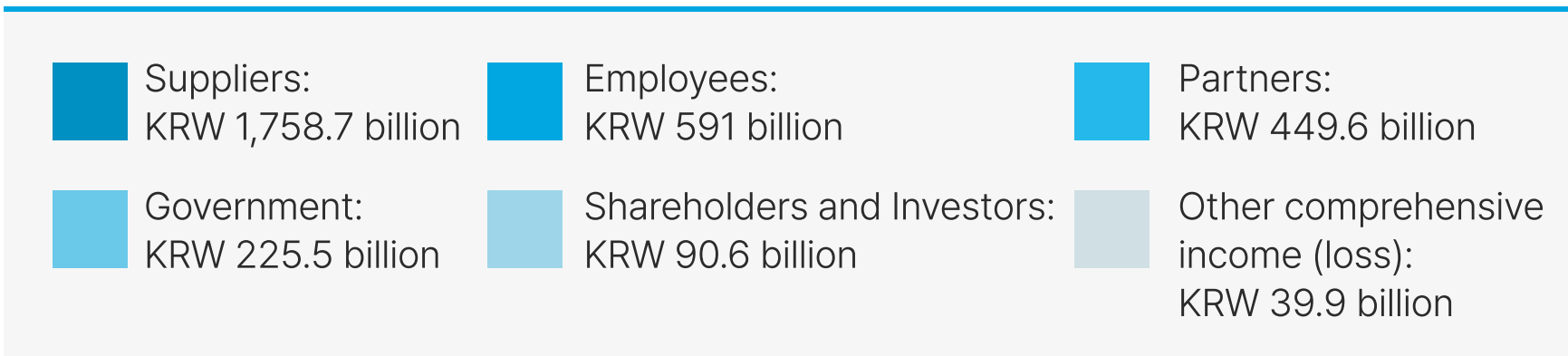
Meanwhile, despite the impact of COVID-19 and the economic downturn, sales in the domestic and overseas environmental appliances segment showed stable growth. Domestic sales of environmental appliances reached a record high of KRW 2,277 billion, up 1.4% from the previous year (2,245.3 billion), while annual sales of overseas subsidiaries reached KRW 1,401.9 billion, up 15.4% year-over-year (1,215.1 billion), due to expansion of sales through new product launches. In particular, we continue to see strong growth in our overseas subsidiaries, with sales from Malaysian subsidiaries increasing 11.4% year-over-year to KRW 1,091.6 billion, and sales from U.S. subsidiaries increasing 17.8% year-over-year to KRW 199.8 billion, the highest ever.



# Distribution of Economic Value

Coway created KRW 3,856.1 billion in economic value on a consolidated basis in 2022. Of the created value, KRW 3,155.3 billion was reasonably allocated to stakeholders considering the company's future value and investment efficiency.

Coway will continue to fulfill its social responsibility in line with the company's growth.



- Suppliers: Use of goods and raw materials (material costs), consumables, outsourcing services, payment fees, depreciation costs, rent, advertising costs
- Employees: Salaries and bonuses, retirement benefits, other benefits
- Partners: Promotional fees, sales commissions
- Government: Income tax
- Shareholders and investors: Annual and interim dividends
- Other comprehensive income



# Tax Policy

Coway faithfully fulfills its tax reporting and payment obligations based on its reasonable tax strategy. Coway's tax information is disclosed transparently through regular disclosure in the Financial Supervisory Service's disclosure system (<http://dart.fss.or.kr/>). In the financial statements and notes in the audit report, interested entities can check the criteria for calculation of income tax expenses, deferred income tax assets and liabilities, and the composition and tax rate of income tax expenses, and verify transparency and objectivity through external audits. Not only in South Korea but also overseas, we faithfully fulfill the tax obligations of corporations and contribute to the creation of a virtuous cycle, such as increase in the government's tax revenue, which enables governments to expand and improve public services.

At Coway, we take a proactive approach regarding our response to tax risks by monitoring changes in tax regulations and policies. Risk management is conducted by the Funding Department in accordance with policies approved by the Board of Directors. The Funding Department works closely with the business units of associated companies to identify, evaluate, and offset financial risks. The Board of Directors establishes documented policies on overall risk management as well as specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investments in excess of liquidity. Meanwhile, we ensure compliance with the National Tax Service's policies on voluntary reporting of international transactions. In particular, we prohibit tax evasion using falsified overseas transactions and offshore tax evasion using tax havens tax havens. Coway has branches and local subsidiaries in Malaysia, USA, and China. In international transactions with overseas subsidiaries, Coway complies with applicable local tax laws and OECD transfer pricing guidelines. Coway fulfills its tax obligations based on local laws.

Coway's Tax Policy

- Uphold and observe tax reporting and payment policies.
- Comply with local tax laws and regulations.
- Prohibit transfer of value to jurisdictions with a low level of tax burden.
- Avoid taking advantage of tax structures for the purposes of evasion.
- Avoid the use of confidential jurisdictions, viz. "tax havens," including previous price.
- The Board of Directors establishes documented policies on overall risk management, as well as specific areas such as foreign exchange risk, interest rate risk, credit risk, derivative and non-derivative financial instruments, and investments in excess of liquidity.
- Furthermore, we disclose corporate tax information through the Sustainability Management Report and the Audit Report, which is available at the DART (Data Analysis, Retrieval and Transfer System) of the Financial Supervisory Service.

## Tax Payment Status

2022 Tax Payment Status by Region of Tax Jurisdiction (Unit: KRW 1,000)

Category	Important business activities	Sales <sup>1)</sup>	Profit before tax	Income tax accrued	Income tax paid
Korea		2,957,089,125	542,576,361	139,535,548	200,998,695
Asia <sup>2)</sup>	• Rental and sales of products such as water purifiers and air purifiers	1,197,373,667	142,319,325	49,092,704	70,667,253
America <sup>3)</sup>	• Service provision to members (excluding China)	199,768,459	465,668	68,282	6,512,020
Europe		4,736,953	-2,053,350	-19,610	-

1. Sales: Gross sales for FY2022, different from net sales mentioned in 'Economic Value Creation' above. (Reference: 2022 Coway Business Report.)  
2. Asia: Malaysia, Thailand, Indonesia, Vietnam, China, and Japan corporations (excluding Korea)  
3. America: USA

## Main Composition of Corporate Tax Expenses

Category	Unit	2019	2020	2021	2022
Net income before income tax expenses		451,418,558	540,379,082	658,552,414	683,308,004
Corporate tax burden <sup>1)</sup>		113,778,104	138,242,247	175,927,650	188,676,924
Tax credit		-182,651	-4,474	-35,122	-221
Permanent difference		6,146,218	-3,187,694	2,348,730	7,560,628
Deferred tax <sup>2)</sup> unrecognized among temporary differences	KRW 1,000	1,869,336	7,707,974	7,793,800	19,212,724
Change effect of feasibility judgment		-	-	-	-
Others		-3,027,522	838,888	7,031,261	10,062,333
Corporate tax payment <sup>3)</sup>		119,210,883	135,668,222	193,066,319	225,512,388
Corporate tax payment <sup>4)</sup>		25.20	25.58	26.71	27.61
Effective tax rate <sup>5)</sup>	%	26.41	25.11	29.32	33.00

1. Corporate tax burden: Current corporate tax  
2. Deferred income tax: Tax effect expected due to temporary difference between accounting income and taxable income  
3. Income tax expense = Current corporate tax + deferred corporate tax  
4. Income tax burden/Net income before income tax expense  
5. Income tax expense/Net income before income tax expense



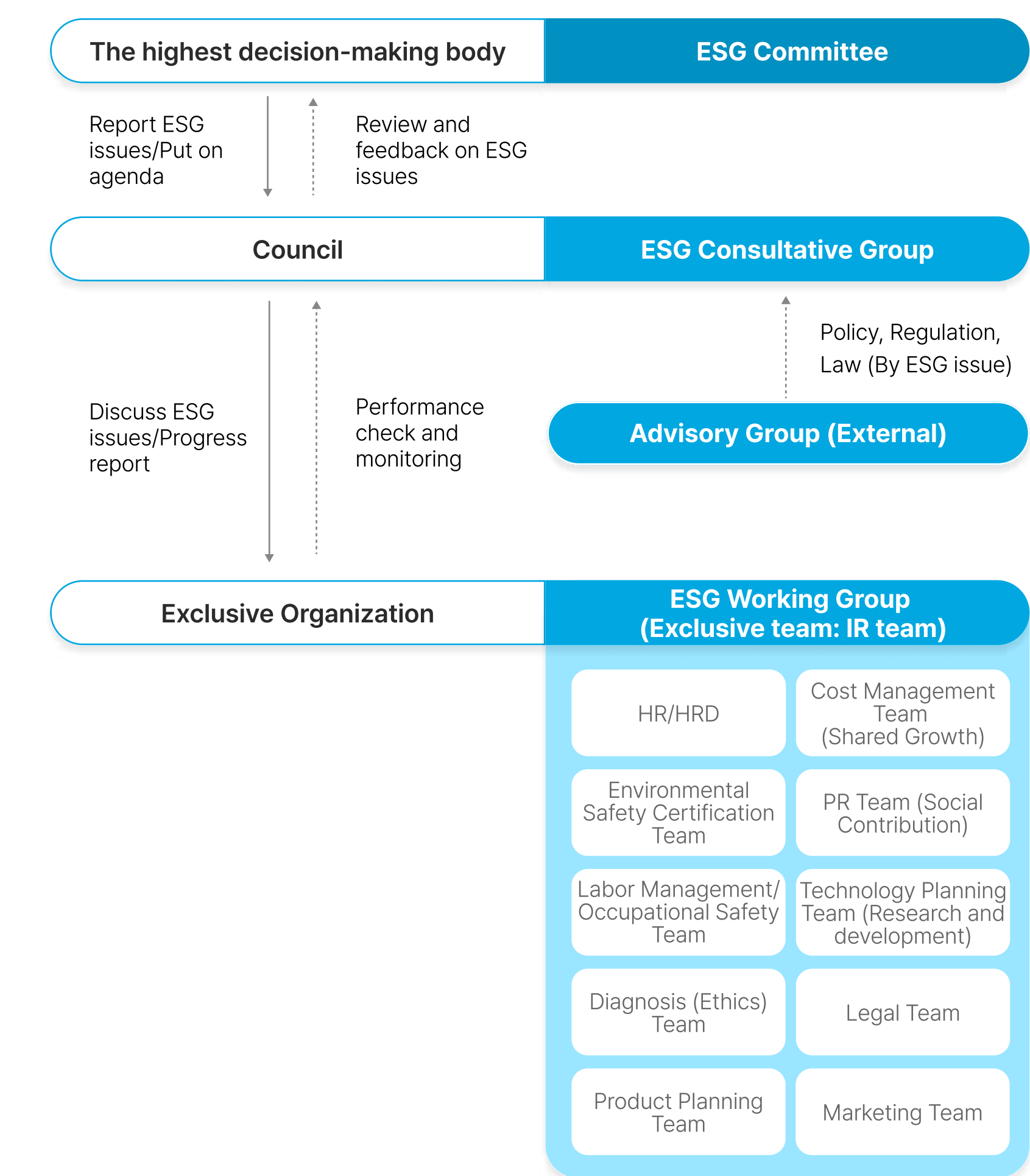
Implementation System

Coway launched the ESG Committee within the BOD in Aug. 2021 to define and implement ESG strategies and core values related to the environment, society, and governance in accordance with the articles of association and BOD regulations to achieve sustainable growth. As the highest decision-making body related to the Environment, Society and Governance (ESG), the ESG Committee will play a vital role in promoting an active and transparent corporate culture and improving corporate value from a long-term perspective. The ESG Committee is responsible for setting goals and strategic directions for ESG commitments, managing risks, supervising, managing, and reviewing ESG-related business activities, and taking decisions on Coway's ESG commitments.

Coway's ESG system consists of three bodies, including the ESG Committee, ESG Consultative Group, and ESG Working Group. The ESG Committee, which is the highest decision-making body, consists of two outside directors and the CEO. It performs deliberations, takes decisions, and reviews major ESG issues to suggest strategic directions for sustainability management. The ESG Consultative Group monitors major issues, proposes the ESG Committee's agenda, and discusses particulars, such as ESG strategies, policies, and goals.

The ESG Working Group analyzes ESG trends and changes in regulations, consults with outside experts and stakeholders, and supports the ESG Committee and ESG Consultative Group. Coway will expand its business competitiveness through ESG management throughout its business and strive to establish its presence as a respected company that pursues mutual growth with stakeholders.

Organization of the ESG System



Duties of the Committee and Council

Category	ESGCommittee	ESG Consultative Group	ESG Working Group
Duties	Perform deliberations, take decisions, and review	<ul style="list-style-type: none"><li>Set Committee agenda</li><li>Discuss and report on ESG issues in general</li></ul>	<ul style="list-style-type: none"><li>Report the Council agenda and take action</li><li>Operate the ESG Consultative Group and Committee</li><li>Support the ESG Working Group and provide training to the Committee</li></ul>
Details	Take decisions on and reviewkey issues	<ul style="list-style-type: none"><li>Formulate and discuss ESG strategies, policyand goals</li><li>Set agenda for on progress on ESG commitments</li><li>Monitor and report on ESG-related issues</li></ul>	<ul style="list-style-type: none"><li>Operate the ESG Committee and ESG Consultative Group</li><li>Take actions on major ESG issues proposed by the Council</li><li>Discuss ESG evaluation indicators and tasks for improvement</li><li>Conduct surveys on ESG trends and changes in regulations</li><li>Consult with external experts/collect stakeholders' opinions</li></ul>

ESG Management Vision

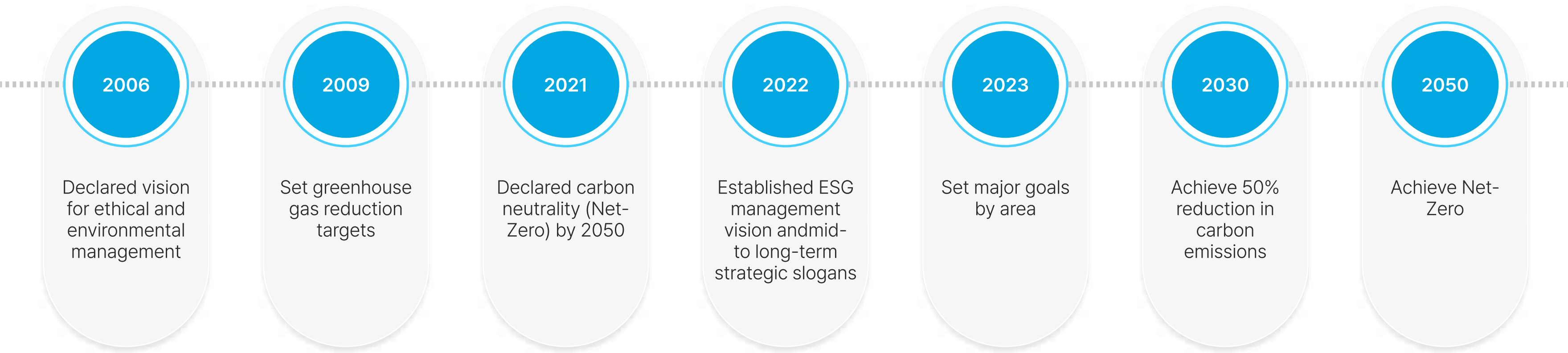




# Mid- and Long-term ESG Goals and Strategies

Coway has been carrying out sustainable business activities even before the launch of the ESG Committee. In 2006, for instance, we declared our commitment to ethical and environmental management, thereby laying the foundations for a sustainability management system. In 2009, we voluntarily set a goal to reduce greenhouse gas emissions and took the lead in initiating green management, which earned us the Presidential Prize at the 2012 Green Management Awards. We then expanded the realm of our ESG commitments to include information protection and subcontractors' welfare for mutual prosperity. In 2016, we launched the Infinite Responsibility Committee to build and retain customer trust by taking responsibility for our products. In 2021, we reset our mid- and long-term goals to reduce greenhouse gas emissions, and pledged our commitment to accomplish Net Zero by 2050. We have been striving consistently to create sustainable value while increasing our brand value and enhancing stakeholders' satisfaction.

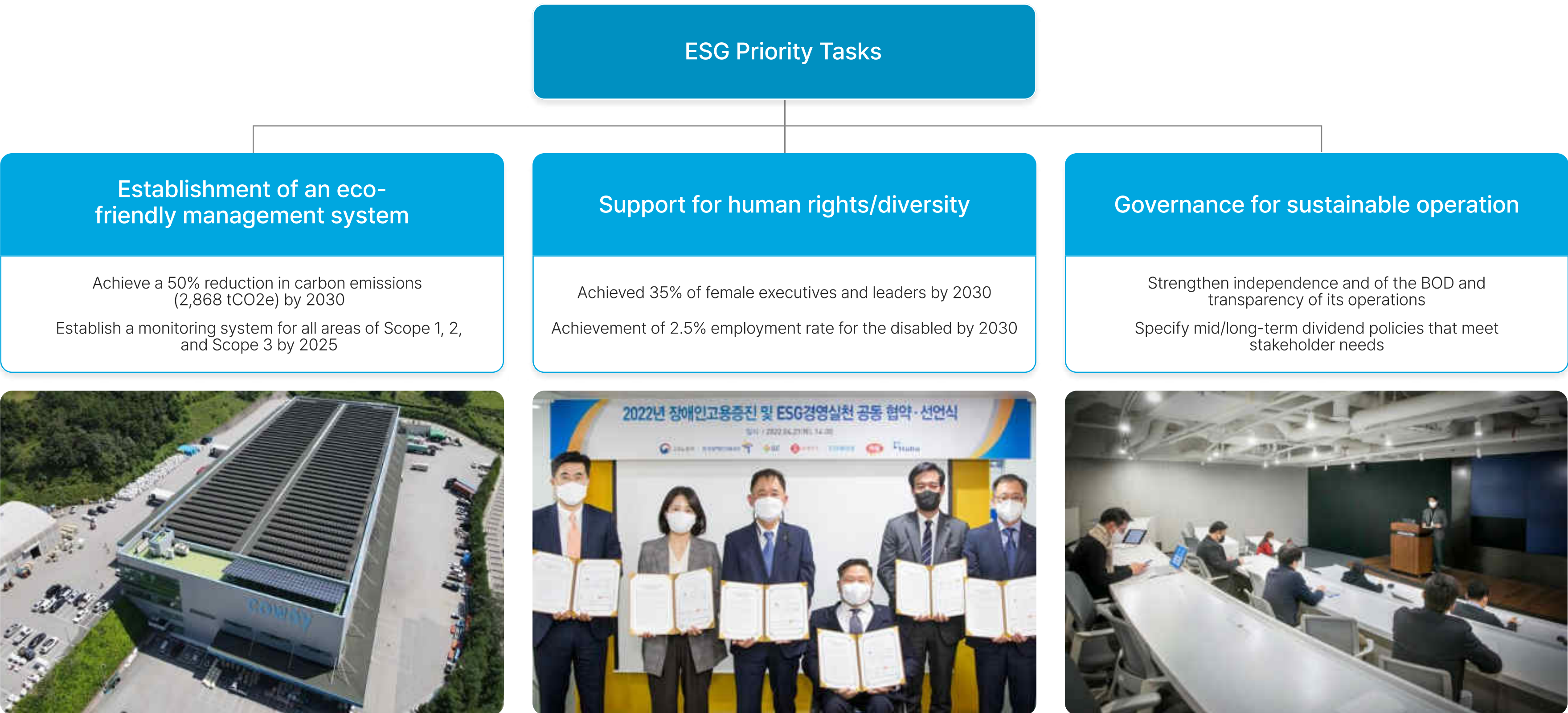
## Coway Sustainability Management History



Coway is committed to creating social value and building trust with stakeholders by transparently disclosing its performance in the economic, social, and environmental areas. We continue working hard to align all our business strategies with ESG goals by setting practical mid- and long-term ESG goals, taking internal and external issues into consideration and managing performance consistently. We will contribute to strengthening corporate ESG commitments at home and abroad and carry out transparent ESG activities for corporate and social sustainability.

# ESG Priority Tasks

In 2023, Coway's ESG Committee and supporting organizations selected three issues as ESG priorities: (1) establishment of an eco-friendly management system, (2) support for human rights and diversity, and (3) governance for sustainable operation. In November 2021, the ESG Committee approved the carbon neutrality implementation plan and the establishment of an IT management system for reduction of greenhouse gases in the entire business process, and in February 2022, it approved the revision of the human rights policy and the revision of the Code of Conduct for suppliers. In November 2022, the Committee approved the establishment of a wheelchair basketball team for people with disabilities in order to enhance service for local communities. By implementing the three key tasks, Coway plans to collect and reflect the opinions of stakeholders effectively and promote a new journey toward ESG through continuous innovation.





# ESG Hilights



## Stakeholders

### Stakeholder Engagement and Material Topics

We identify entities that influence our business activities internally and externally as stakeholders and categorize them into seven groups, including: customers; shareholders and investors; employees; partners and suppliers; local communities; academia and media; and the government. In order to collect stakeholders’ opinions, we operate a communication channel for each stakeholder group. We encourage stakeholders' engagement and communication regarding material issues as part of efforts to improve transparency and efficiency of our business activities and build reliable relationships. Each communication channel is managed by the relevant department.

Stakeholder	Communication channel	Frequency	Major interests
Customers	Company website	Frequently	Product safety and quality control
	Media and news	Frequently	Product and service experience
	VOC/Call center	Frequently	Customer complaint handling
Shareholders and Investors	Regular general shareholders’ meeting	Once a year	Build corporate value
	IR meeting	Frequently	Increase shareholder value
	Conference calls with investors/analysts	Frequently	Sound governance
	IR webzine	Once a month	Business opportunity and risk management
Employees	Labor-management council	4 times a year (or more)	Fair performance evaluation and compensation
			Development of competencies
	In-house online consultation channel	Frequently	Work-life balance
Partners and suppliers			Diversity-based corporate culture
	Supplier meeting	Once a year (or more)	Win-win cooperation with suppliers
	Electronic purchase system, SCM website	Frequently	Support suppliers' efforts to strengthen sustainability
Local communities	Partner meeting	Frequently	Create a healthy working environment
	Local committees	4 times a year	Participate in social contribution andcommunity activities
	NGO meeting	Frequently	Job creation in the region
	Social contribution business and projects	Frequently	Sustainableregional development
Academia and media	Corporate governance report	Once a year	
	Regular disclosures such as business reports	5 times a year(or more)	Transparent information disclosure
	Participation in global ESG evaluation	6 times a year(or more)	ESG data and performance communication
	Participation in sustainability initiatives	4 times a year(or more)	
Government	Disclosures to the Financial Supervisory Service and Fair Trade Commission	Frequently	Distribution of economic value such as payment of taxes
	Legal/Regulatory compliance	Frequently	Compliance and ethical management
	Public-private partnership business projects	Frequently	

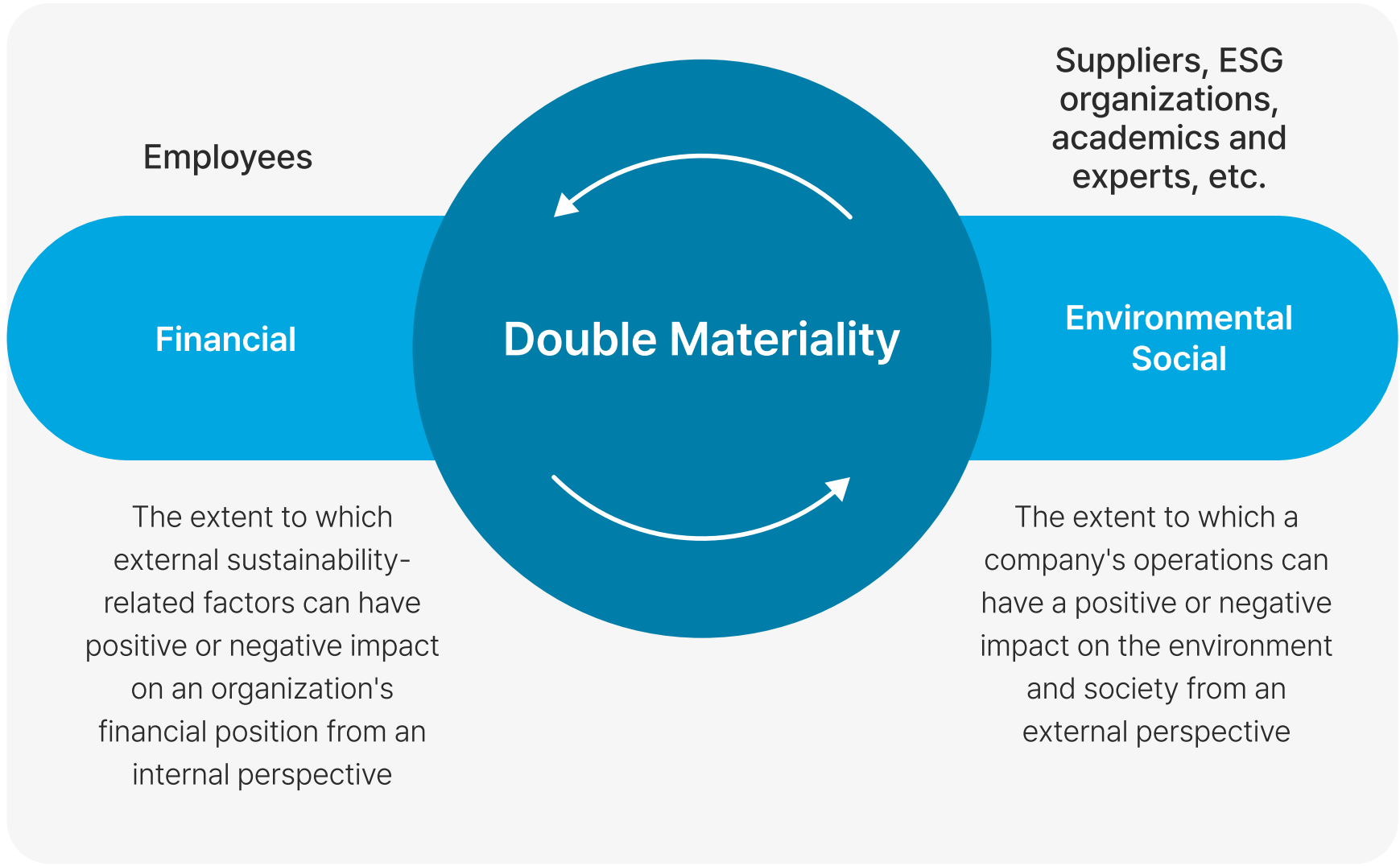


# Concept of Double Materiality Assessment

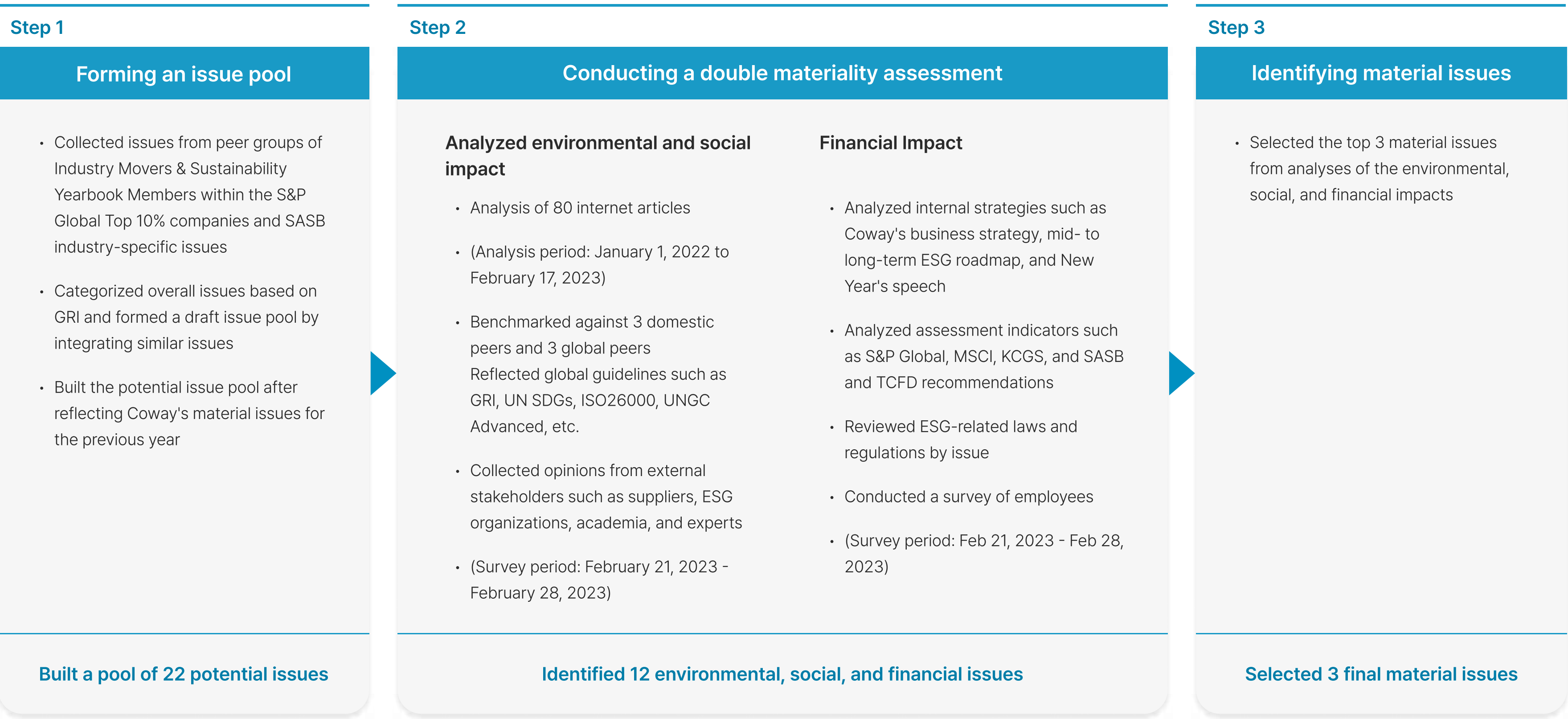
Materiality assessment is the process of identifying material issues or factors that may affect a company's sustainability. GRI Standards 2021 recommends selecting material issues that have financial as well as environmental/social/people impacts through 'double materiality assessments'.

In the process of publishing this year's Sustainability Report, Coway introduced a double materiality assessment for the first time to prepare this Sustainability Report, identifying and analyzing a pool of material issues with inputs from not only internal employees but also various external stakeholders such as customers, suppliers, communities, and investment institutions to recognize changing industry trends, and establish the future direction of Coway's sustainability management.

This Report is a deliverable that details the activities, accomplishments, and goals associated with Coway's ESG vision and commitments.



# Double Materiality Assessment Process





# Double Materiality Assessment Results

Through the double materiality assessment, Coway identified 12 high-impact issues by comprehensively taking into account environmental and social impacts as well as financial impacts. In consideration of the company's strategic direction and business linkages, Coway selected the following three high-impact issues as the final material issues.

Category	No.	Material Issues	Impacts		Contents	GRI Index
			E-S	Finance		
Environmental	1	Addressing climate change adaptation (Management of greenhouse gas emissions and energy conservation)	●●●	●●●	Climate change adaptation >	302 Energy 305 Emissions
	2	Advancing waste management and resource recycling	●●	●●●	Waste and resource circulation >	306 Waste
	3	Management of hazardous materials	●●●	●●●	Hazardous materials - Hazardous materials management >	-
	4	Strengthening eco-friendly products and technologies <span>Material Issues 1</span>	●●●	●●	Strengthening eco-friendly products and technologies >	301 Materials
Social	5	Enhancing consumer-friendly products and services	●●●	●●●	Customer-centric management >	-
	6	Product quality and safety <span>Material Issues 1</span>	●●	●●●	Product quality and safety >	416 Customer Health and Safety
	7	Establishing cooperative labor-management relations	●	●●●	Employees - Sound labor practices >	402 Labor/management Relations
	8	Developing and maintaining employee competencies	●●	●●●	Employees - Employee empowerment > Employees - Corporate culture >	404 Training and Education 401 Employment
	9	Compliance with principles of human rights management	●●●	●	Human rights >	406 Non-discrimination
	10	Safety and Health management	●●●	●●	Safety & health >	403 Occupational Health and Safety
Governance	11	Privacy and information security <span>Material Issues 1</span>	●	●●●	Privacy protection & security >	418 Customer Privacy
	12	Technological innovation	●●●	●●	Customer-centric management –Development of customized products >	201 Economic Performance

● Low Impact    ●● Middle Impact    ●●● High Impact



# Management and Reporting of Material Issues

ESG management and respond proactively to external assessments. Accordingly, we have analyzed the impact of the top three issues in each ESG area from the perspective of Coway's business. We also share our mid- and long-term goals for each material issue and the progress we are making. We plan to manage the risks of material issues proactively and reflect them in our corporate management activities.

## Management

Strengthening green products and technologies	As the effects of climate change adaptation exacerbate globally, corporate environmental responsibility is being increasingly emphasized. In response, Coway has introduced an eco-friendly product design process that considers the environmental impact of the product lifecycle and maximizes energy efficiency in the product use stage to reduce carbon emissions and manage environmental risks. Coway is also expanding the eco-friendly market by launching a new eco-friendly brand, 'BEREX', to strengthen economic efficiency. We will continue to conduct research and develop eco-friendly products and technologies that link environmental values.
Product quality and safety	The risk of customer damage and safety accidents due to problems such as the presence of harmful substances in household chemicals is increasing. In response, Coway is identifying domestic and international regulatory trends and restricting the use of substances containing environmentally harmful ingredients. Due to the nature of Coway's main business, product liability and quality control are crucial for long-term customer retention. With the goal of zero safety risks for mass-produced items, Coway has established processes to prevent quality failure, and operates internationally accredited testing labs. In the future, we will invest continually and make efforts to strengthen our quality capabilities and improve product safety by setting minimum quality thresholds for each product to reduce the rate of quality defects in new products.
Privacy and information security	Due to the nature of Coway's business to provide services that require the collection and use of information about customers' location so they can find and consult product experts in their area, it is critical to strengthen privacy and information security. Coway conducts various information protection programs and training as a proactive measure to prevent personal information infringement and information leakage incidents. As a measure to initiate prompt responses, we have introduced a security control and monitoring system, and immediately after an incident occurs, we conduct a detailed analysis and establish measures to prevent recurrence to normalize services. Coway will continually advance the level of information security by expanding the personal information lifecycle management system.

## Activities in 2022 & Targets

Environmental	Social	Governance
<ul style="list-style-type: none"><li>Expanding the use of green and recycled materials</li><li>Increasing the use of green refrigerants</li><li>Securing environmental marks and labeling certifications</li><li>Introducing ways to boost sales of refurbished products</li></ul>	<ul style="list-style-type: none"><li>Operating a quality management program</li><li>Expanding the verification of safety/performance for mass-produced items(153 models in total)</li><li>Training to build quality control competency(5 times)</li><li>Conducting internal audits based on ISO9001</li><li>Operating ICM (Integrated Certification Management)</li><li>Acquisition and operation of internationally accredited testing labs and certifications</li></ul>	<ul style="list-style-type: none"><li>Upgrading the information protection management system by fully revising information protection policies/guidelines and enacting new security guidelines for cloud services</li><li>Strengthen privacy protection lifecycle management</li><li>Expanding the implementation of Clean Desk (3 times)</li><li>Conducting malware response drills (3 times)</li><li>ISMS-P, ISO/IEC 27001:2013 information security certification</li></ul>
<ul style="list-style-type: none"><li>[2023] Apply 10% circular content in plastics</li><li>[2023] Expand refrigerant recovery and recycling of operation items</li><li>[2023] Review the waste resource circularization business</li><li>[2025] Implement a virtuous cycle business for waste resources</li><li>[By 2030] Reduce carbon emissions by 50%</li></ul>	<ul style="list-style-type: none"><li>[2023] Acquire additional international test laboratory certification for the Environmental Technology Institute</li><li>[2025] Review the advancement of the Quality Management System</li><li>[2025] Proactively respond to post-sales quality</li><li>[2030] Enhance the process for preventing quality failure cases</li></ul>	<ul style="list-style-type: none"><li>[2023] Maintain certification by third-party information protection agencies</li><li>[2023] Indicate (label) key principles of personal information processing in the privacy policies of Coway.com and Re:NK website</li><li>[2023] Achieve 90% or more of information security activity goals.</li><li>[2025] Enhance monitoring of information security risks</li><li>[2030] Expand employee engagement in information security activities</li></ul>



# Governance

## ESG Committee

Coway's highest decision-making body is the Board of Directors. Within the Board, we have an ESG Committee that makes all decisions on sustainability, including development of eco-friendly products and technology enhancements.

In particular, eco-friendly products and technology enhancement are discussed within the Environment Subcommittee centered on the ESG Committee. The Subcommittee includes the heads of organizations and people in charge of eco-friendly products and technology enhancement at each headquarters/office.

The strategy for advancing eco-friendly products and technologies is led by the Technology Planning Team of Coway's Environmental Technology Institute, and other departments included in the Working Group are implementing response tasks in related risk and opportunity areas. We share and report the results and plans for implementing the tasks through the ESG Consultative Group four times a year. Some of the climate change adaptation responses shared at the last ESG Consultative Group have been placed on the agenda for the ESG Subcommittee and are being finalized by the Board of Directors.



### Key Agenda Items for the First ESG Consultative Group (Environment Subcommittee) in 2023

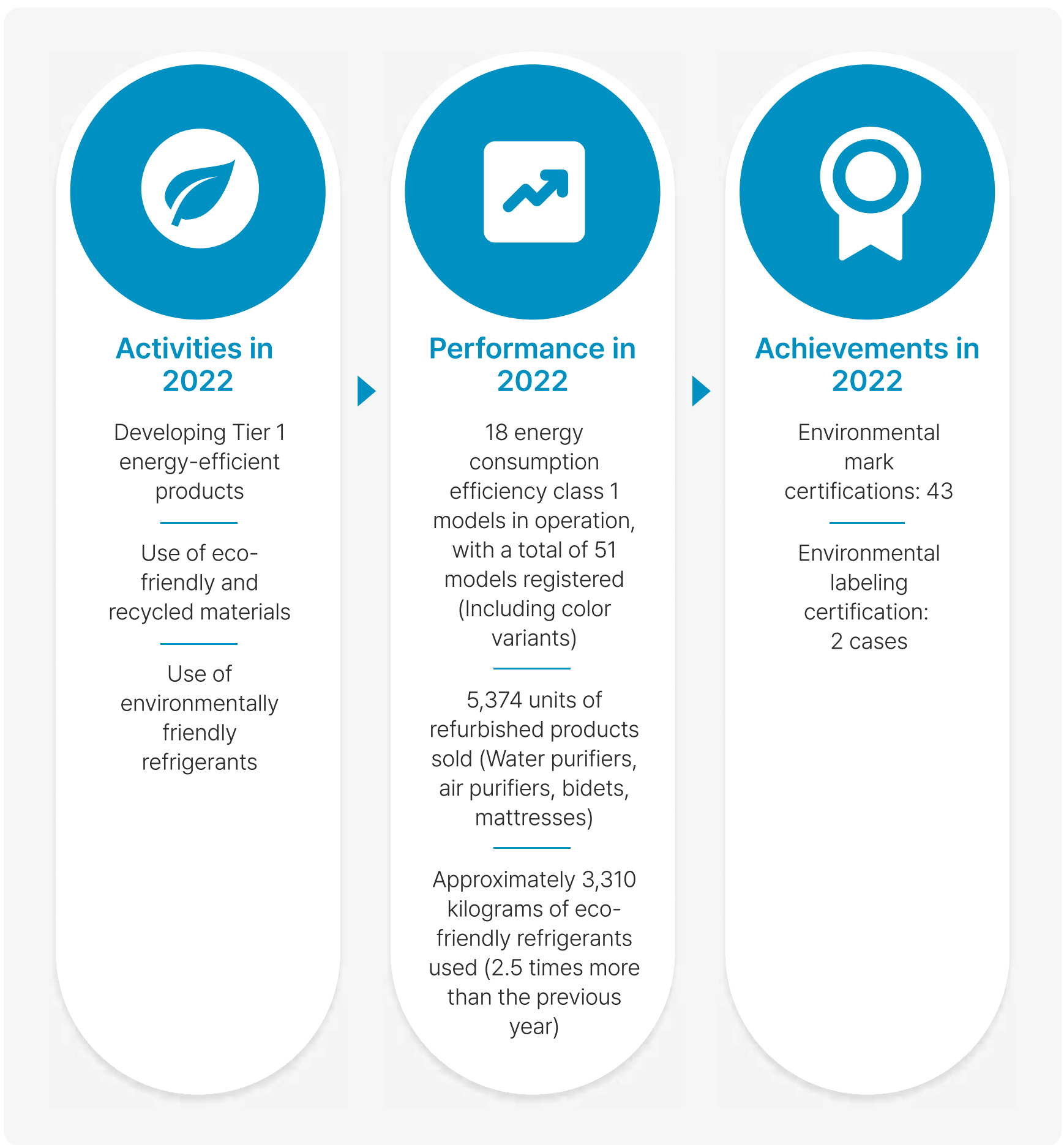
	Priority Tasks
1	Expanding the application and certification of eco-friendly technology products
2	Strategy for responding to TCFD disclosures
3	Establishment of biodiversity strategy
4	Completed construction and operation of solar power generation facilities

# Strategy

As the impact of climate change adaptation grows, corporate environmental responsibility is being increasingly emphasized. Coway operates various programs to create a carbon-neutral society by minimizing the environmental impact of business activities throughout the entire process from product design to the post-use stage. We pursue resource efficiency and carbon emission reduction through structural design and utilization of alternative materials, and maximize energy efficiency in the product use stage to enhance economic efficiency and minimize environmental impact in order to comply with the 'Energy Consumption Efficiency Rating Labeling System<sup>1)</sup>'.

We also have our own recovery and recycling processes to manage waste generation quantitatively and minimize disposal costs.

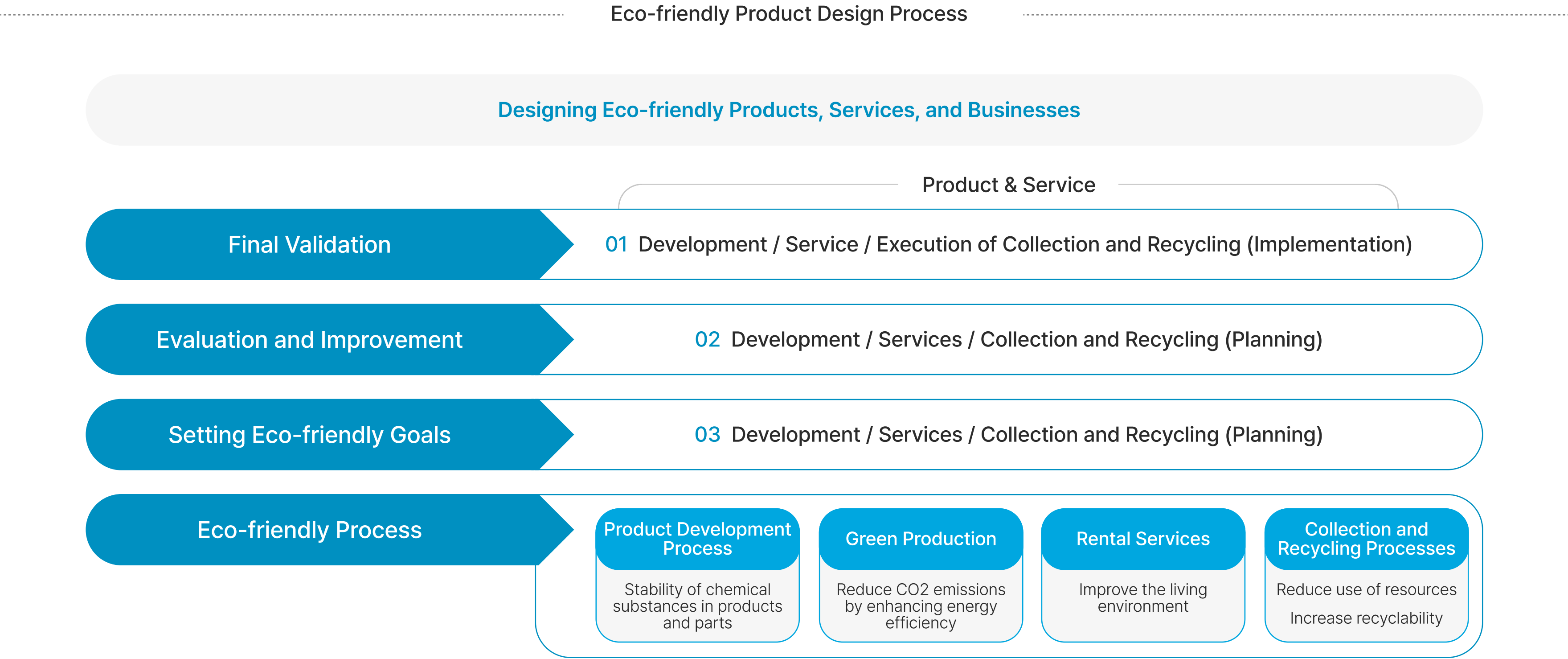
1. Energy Consumption Efficiency Rating Labelling System: A system that categorizes products with high energy consumption and high penetration into grades 1 to 5 and requires energy-saving products to be produced and sold from the production (import) stage.





# Designing for minimization of environmental impact throughout the product lifecycle

Coway considers the environmental impact of its products and services throughout the entire process, from product design and development, production and sales, to end-of-life recovery and recycling. We use advanced technologies to ensure chemical safety, energy efficiency to reduce carbon emissions, and resource efficiency to reduce negative environmental impacts.



## Certification/Product/Design and Packaging

1. Certification

Green Star Certification

Coway's products have been awarded Green Star certification by the Korea Management Certification Institute, which certifies products that are eco-friendly in terms of various factors such as quality, raw materials, energy consumption, and user environment.

The Best Green Star: Coway Massage Chair(MC-SC01)

Increased recycling rates with a glue-free sheet attachment process



Coway Massage Chair (MC-SC01)

Green WINNERS: CHP-8310L (Noble RO), CHP-7210N (Icon 2), Double Care Plus Bidet (BAS38-A) and 8 others



Noble RO (CHP-8310L)



icon2 (CHP-7211N)



Doublecare Plus Bidet (BAS38-A)

15



## 2. Products

Coway is developing and applying technologies that enhance ESG performance by utilizing recycled raw materials (recycled PCR resin) made from waste plastics.

### Bidet

We use recycled material (recycled PCR resin), the only flame retardant material in Korea. In 2022, we applied recycled raw materials (recycled PCR resin) to about 5% of the plastic weight of bidet products. In 2023, we are expanding the use of recycled materials (recycled PCR resin) to 10% of the product's plastic weight in five bidet models.



### Air Purifiers

We have used eco-friendly raw materials in the design and implementation of 99% of the exterior for our NOBLE and WINNER air purifiers, and have developed filters that can be discharged and recycled separately for some of the staged filters that are inserted into the purifier. This is the first time of implementing resource recycling technology in the field of filters dedicated to purifiers in Korea. Going forward, Coway will strive to minimize waste generation by developing and expanding the application of PLA-based biodegradable air matching filter fabrics and single-material dust collector filters, which can be discharged and recycled easily.



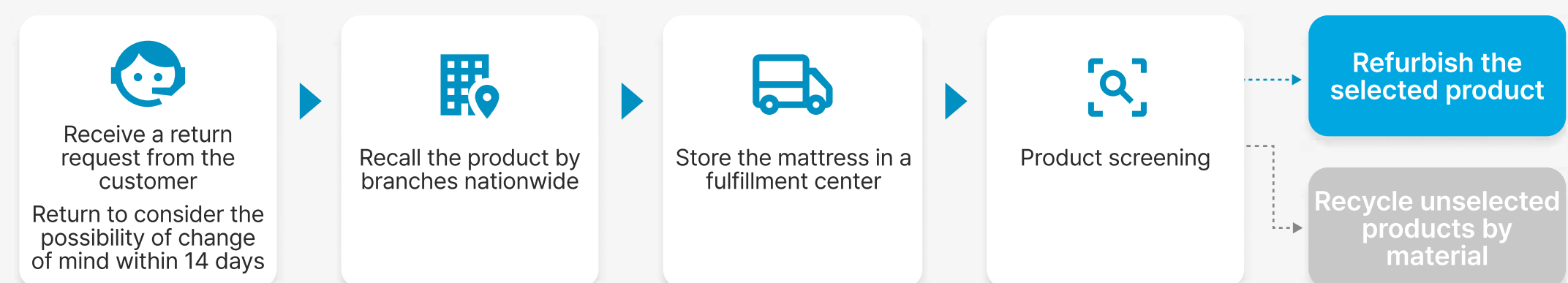
### Mattresses

Prime mattresses are eco-friendly as they use recycled polyester (rPE) from RESEN, which has earned the Global Recycling Standard (GRS), an international eco-certification standard, for its mattress covers, reducing the carbon footprint created during production.



By establishing a first-time refurbishment process for mattresses, and implementing rework, production, and logistics processes for returned products, we have been able to minimize waste.

#### Process for Collection of Returned Mattresses



#### Process for Refurbishment Production of Mattresses



## 3. Packaging

Coway introduced Air Cell cushions to its product and component packaging in 2021. In 2022, we introduced additional Air Cell cushions for water purifier pumps and sterilizers, and in 2023, we are adopting them for the packaging of bidet products.

Air Cell refers to an inflatable plastic air bag, which maximizes logistic innovation by reducing the volume by 1/120 while maintaining the same level of cushioning effect as EPS foam. Moreover, it is dust- and residue-free and easy to separate for recycling, ultimately facilitating the packaging production and disposal processes. We expect to cut the packaging volume by 70 percent compared to Styrofoam (EPS), investment and logistics costs by 90 percent or more, and carbon emissions by introducing Air Cell cushion packaging.

#### AirCell Applicable Products

2021 - Air purifiers, water purifiers, self-care filters  
2022 - Pumps, sterilizers  
2023 - Bidets (to be expanded)

## Expanding the Eco-friendly Market

Coway recently launched a new brand, BEREX, which combines bed and relaxation. Recognizing the importance of sleep and relaxation, which are some of the most basic values of life, like clean water and air, which are existing business areas, Coway aims to deliver 'value beyond relaxation' in a new way. In addition, Coway plans to launch and expand eco-friendly products that link to the value of the environment as part of the product line launched under the BEREX brand.

# BEREX

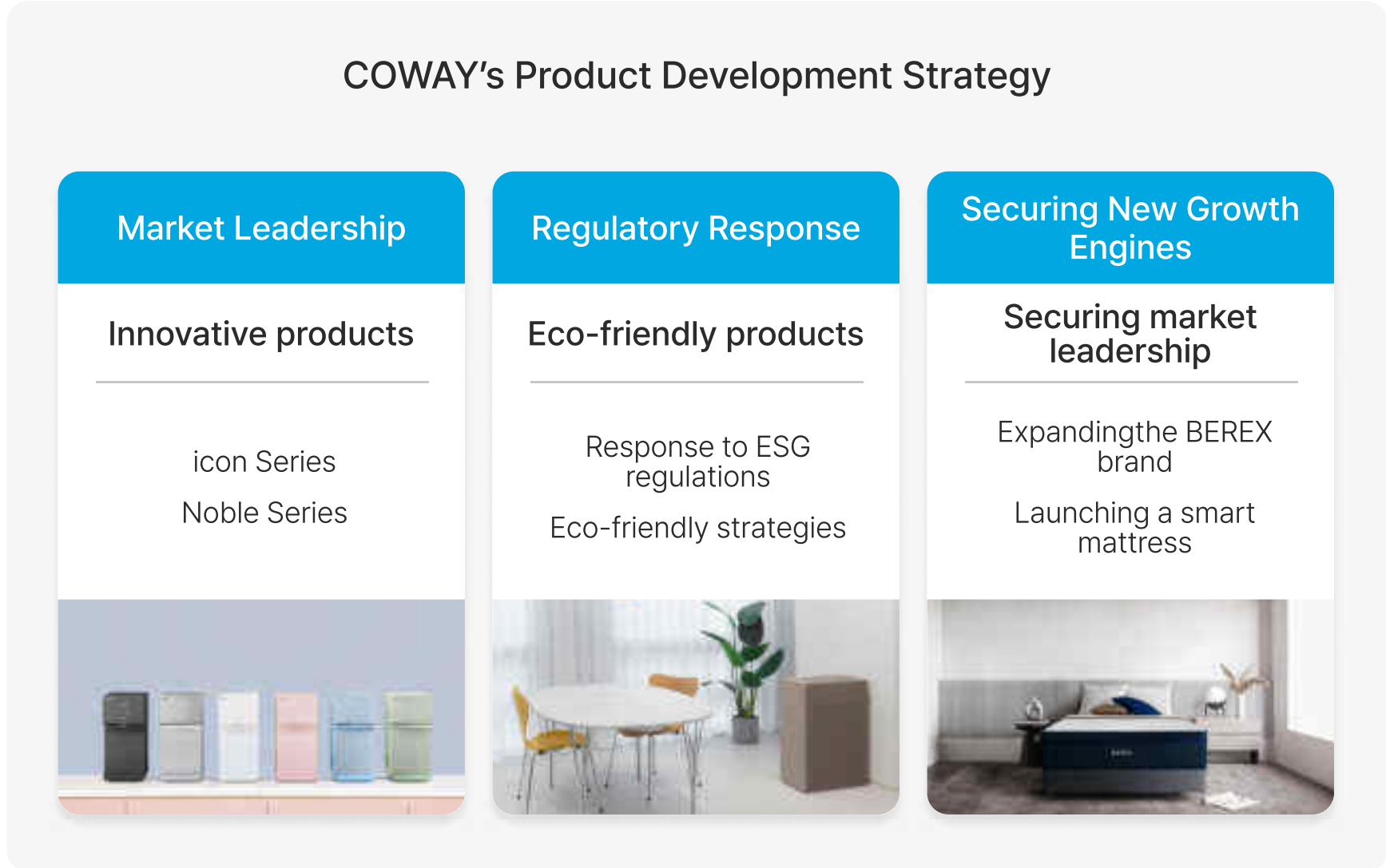




# Strengthening Eco-friendly Products and Technology Policies

Coway has a 3-point strategy for product development.

1. Develop innovative market-leading products: Develop technologies and products to achieve sustainable market leadership through technological innovation.
2. Develop products that are aligned to the global/ESG response strategy: Develop technologies and products that meet regulatory/ESG requirements for global expansion.
3. Identify new growth engines: Develop technologies and products to expand the BEREX brand and gain additional market leadership.




## Eco-friendly Product and Technology Enhancement Activities in 2022


Case

### Eco-friendly Paper Water Purifier

We won the 2023 CES Innovation Award for a concept product with a paper exterior.

- An eco-friendly product made using a single sheet of paper instead of multiple plastic exterior parts
- Upcycling parts so that product packaging can be reused
- Ultra-low cost, ultra-compact implementation, and design of self-replaceable product exteriors Eco-friendly



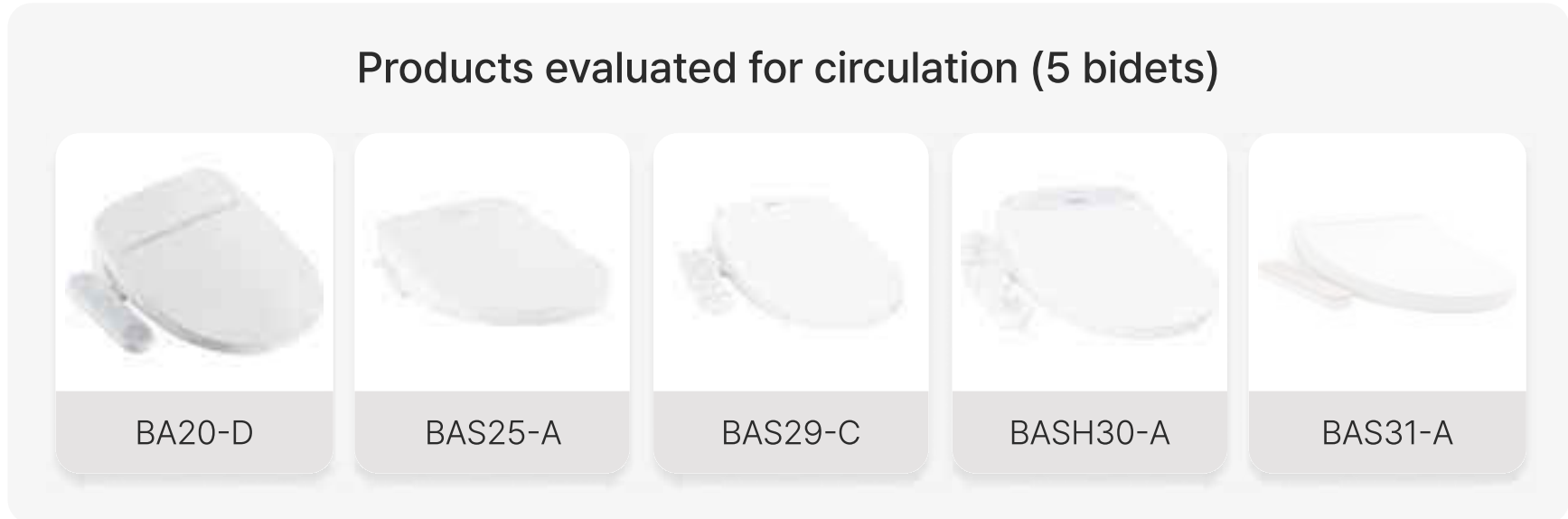


## Risk Management

Coway strives to strengthen product responsibility from a producer perspective and voluntarily develop eco-friendly products. At the same time, we are managing the risks of developing eco-friendly products and improving our technological capabilities through proactive regulatory monitoring and compliance.

### 1. Circulation Evaluation System

This is a system that recommends improvements to design factors that make it difficult to recycle products when they are discarded, and discloses relevant facts if they are not implemented. Coway has applied recycled raw materials (recycled PCR resin) to five bidet products to circulate resources, and detailed examples are introduced on the [Waste and Resource Circulation] page.



### 2. Ministry of Environment's Waste Recovery and Recycling Voluntary Agreement (planned)

This is a system that allows manufacturers or importers (hereinafter referred to as "producers") to be exempted from waste levies by signing a voluntary agreement on waste recovery and recycling for companies that manufacture and produce mattresses. Coway is preparing to establish a mattress circular economy system and sign the agreement in 2024 as follows.

- Reviewing the application of eco-friendly materials and ease of recycling (reuse) when introducing/developing new products
- Signing contracts with mattress re-cycle companies and managing them under our responsibility
- Securing transparency based on government agency requirements when collecting/operating mattresses
- Managing resource recycling activities and performance as part of ESG management



### 3. Eco-friendly Vehicle Purchase Target System

This a system that assigns eco-friendly vehicle purchase targets to disclosed companies to promote the spread of eco-friendly vehicles. Coway submitted a total of four eco-friendly vehicles to the Korea Energy Agency in 2022, and plans to continue to expand the purchase of eco-friendly vehicles, starting with general business vehicles.

#### Performance Status

Model	Name	Fuel	Model Year	Purchase/Lease	Purpose
Compact SUV	Niro	Hybrid	2022	4units	For general business

※ This performance is based on our purchase plan registered in the Korea Energy Agency's eco-friendly vehicle purchase plan.

## Metrics and Reduction Targets

### Eco-friendly/Green Purchases and Performance

In line with the growing consumer preference for eco-friendly products, Coway is expanding efforts to develop eco-friendly products. As a result of continuously obtaining eco-friendly certifications for our products, the sales proportion of eco-friendly products reached 32.7% of total sales in 2022, and the proportion of green purchases was 35%.

### Expansion of Environmentally Certified Products

Coway obtains environmental certifications from external organizations to improve the eco-friendly performance and reliability of our products. As a result of obtaining environmental certifications through steady development of eco-friendly products, the percentage of eco-friendly product certifications held by Coway increased by 63% in 2022 compared to 2021.

※ Eco-label certification: 27 cases in 2021 → 43 cases in 2022





# Governance

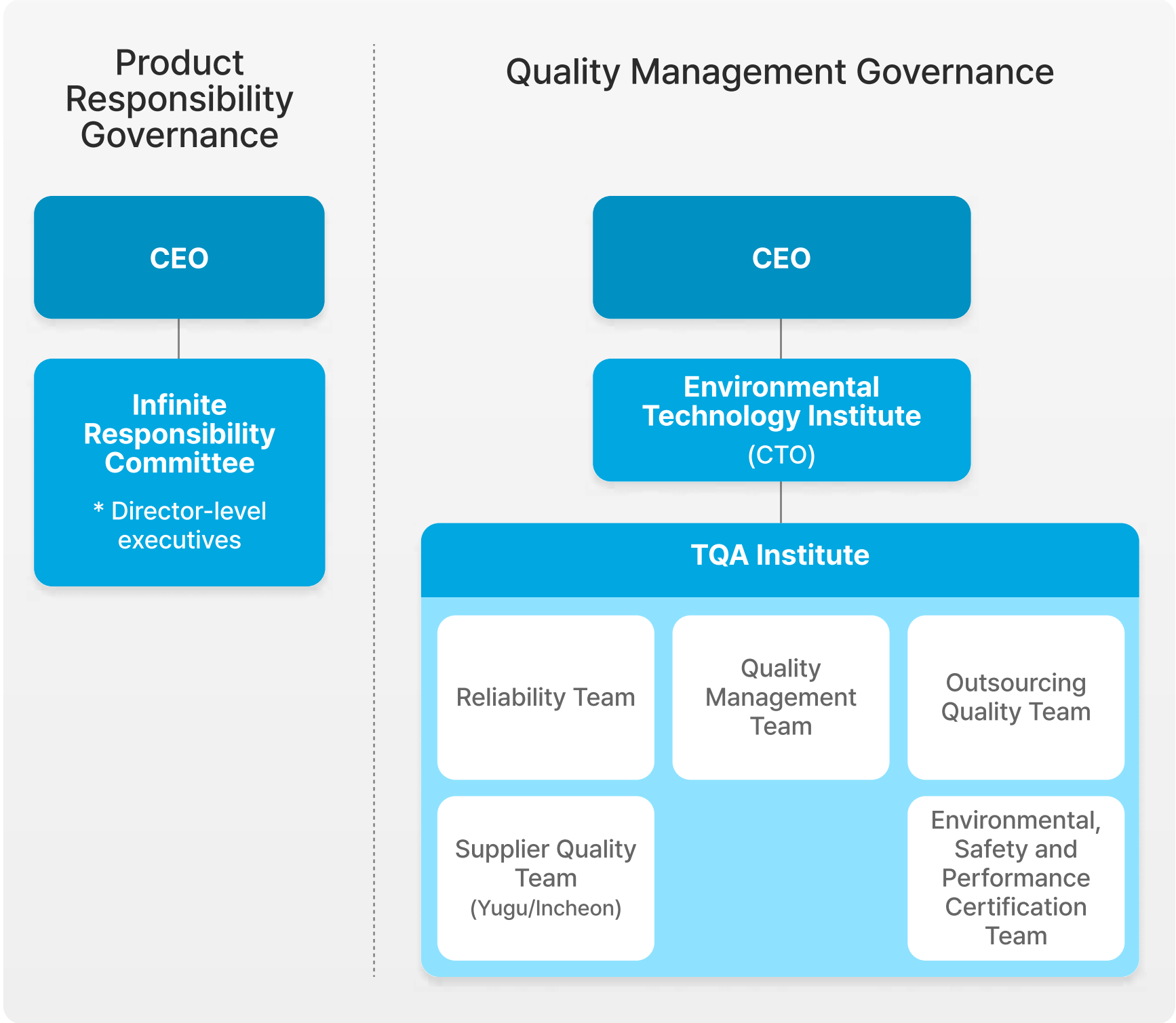
Coway operates the 'Infinite Responsibility Committee', a consultative body directly under the CEO, and holds a company wide 'Monthly Management Meeting' led by the CEO for responsible quality-control and management. We also run the Trust & Quality Assurance (TQA) Institute, an integrated quality-assurance body, to manage product quality systematically and efficiently. The Infinite Responsibility Committee meets whenever an issue arises and is also held regularly on the second week of each month at the monthly management meeting.

## Infinite Responsibility Committee

The Infinite Responsibility Committee is responsible for reviewing product-quality, safety and customer demands comprehensively and taking proactive action to resolve problems and provide customers with better products. Consisting of executives, the Infinite Responsibility Committee is under the direct control of the CEO. A group of key executives from the support/administration and business organizations (members of the committee) gather together to share agendas and address problems concerning the company-level process and ultimately enhance customer trust.

## TQA(Trust & Quality Assurance) Institute

We operate the TQA(Trust & Quality Assurance) Institute, a dedicated quality innovation organization, to enhance customer trust and customer satisfaction with product quality. Under the Environmental Technology Institute, the TQA Institute carries out diverse activities for quality management for each sector and responds proactively to potential quality issues that may arise during product development, as well as post-product quality issues identified through follow-up monitoring of sold products.



# Strategy

## Quality Management System

Coway has formulated the quality management principles as part of efforts to upgrade product safety and performance. From the Research and development stage through product-use to disposal, we conduct assessments of each step of the process in terms of reliability, safety, and environment-friendliness.

We also minimize regulatory and certification risks by ensuring performance safety factors are in place, and realize customer satisfaction through efforts to optimize quality standards from the perspectives of customer and user experience.

## Quality Management Program

Coway runs a wide range of quality-management programs in an effort to ensure the quality of products and services. We conduct mass production reliability tests periodically and make quality improvements to prevent failures in terms of product/component durability and performance that may occur depending on the customer's usage period. We are utilizing IoT platforms to understand our customers' usage environments and usage patterns and incorporate them into our reliability testing methods. We are also using defect correlation analysis to improve quality and develop new products. When developing new products, we strive to verify and improve the quality and safety from the customer's perspective through the 'Quality Expert Committee', and identify and apply improvements to major quality VOCs received from the field through the 'Quality VOC Council'.

Program	Description
Daily Quality Control Net	We operate an analysis center designed to analyze important quality-related data, including customer service and product returns, and monitor the results daily to take action on improving quality promptly and properly.
QS7 (Quality 7 Days)	When a quality issue occurs, we form an 'Emergency TFT' to address the issue within 7 days and improve customer satisfaction.
Quality VOC Council	We have integrated quality VOC channels to solve problems promptly and make sure improvements are implemented via relevant departments and meetings regularly.
Responsibility system for the worst cases	We select the worst defective products by product group and take measures to solve the problems by forming a TFT for each problem.
Quality-improvement system	We monitor the problem-solving process via a computerized system and keep working on quality improvement by collecting and analyzing failure data.
Quality Expert Committee	Experts in diverse areas including design, production, service, and customer relations conduct quality assurance from the customer's perspective at the product development stage in order to upgrade product quality.



Quality and Capacity Building

Coway conducts training every year to improve internal quality capabilities and acquire related expertise. In 2022, a total of five quality competency trainings were held for 84 new hires related to quality and development, including training on quality mindset and quality basics, and training on reliability and design quality. We also supported our reliability personnel in acquiring relevant qualification through the Reliability Engineer Level 1 (PRE) qualification training. We plan to continue our efforts to strengthen our internal quality capabilities through ongoing training programs.

Quality Management Certification

Coway conducts internal audits based on ISO9001, a global standard certification, every year, and receives evaluations based on QCAS (Quality Competitiveness Assessment System) from external experts through participating in the challenge of ‘Excellent Enterprise for Quality Competitiveness’. Through these internal audits and external expert assessments, we will continue to improve our systems and ensure that we deliver the highest quality products to our customers.

On account of its sustained efforts in the field of quality management, Coway has been recognized as an ‘Excellent Enterprise for Quality Competitiveness’ for the tenth time at the 48th National Quality Management Competition 2022, hosted by the National Institute of Technology and Standards under the Ministry of Trade, Industry and Energy and organized by the Korea Standards Association.

\*Excellent Enterprise for Quality Competitiveness: A system to recognize companies that have contributed to improving national industrial competitiveness by enhancing customer satisfaction and achieving exceptional management performance through continuous innovation activities in manufacturing quality.

Certification types	Certification standards	Eligibility for certification (Certification scope)	Certification rate (Unit: %)
External certificate	ISO9001	Yugu/Incheon/Pocheon factories, Research and development center, Seoul office	100



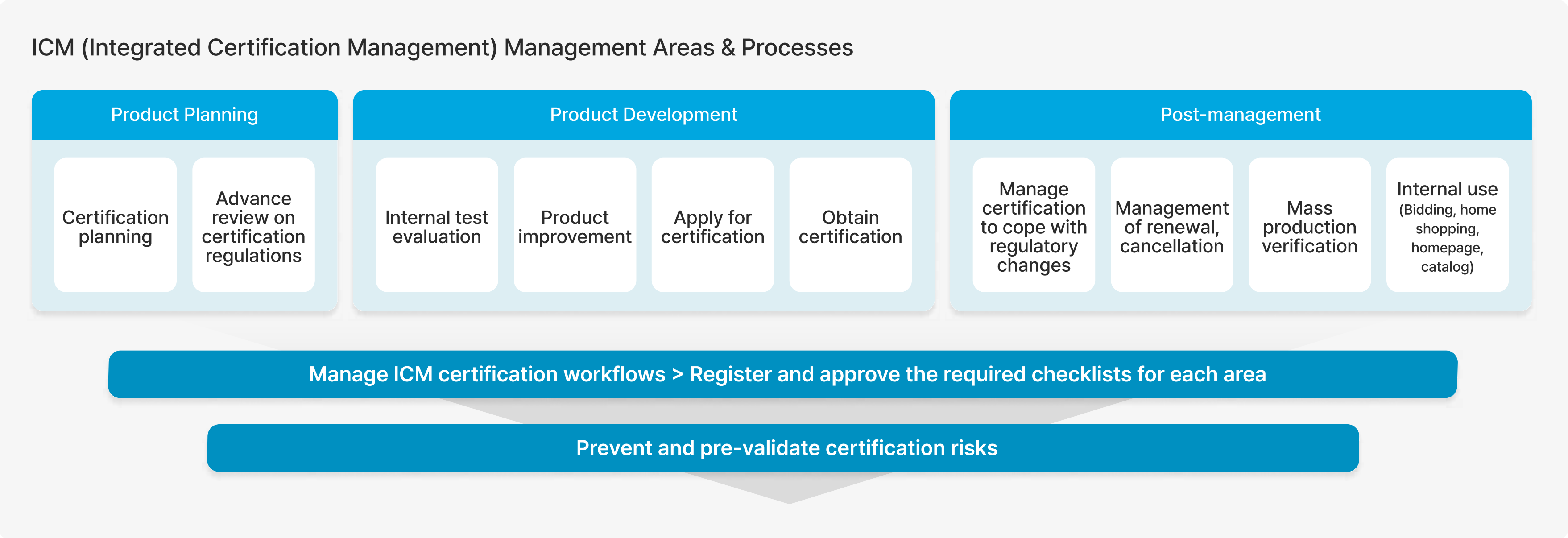
Risk Management

Operation of Integrated Certification Management (ICM)

For continuous management of product safety and performance, Coway has developed an IT system that performs acquisition/management of certification and monitoring for risk prevention.

First of all, we have established a foundation for certification on the system for risk verification, prevention, and management in the area of new product development, and secured product safety and performance reliability through regular verification and performance monitoring of mass-produced products using IT systems. Through this, we have secured the following outcomes.

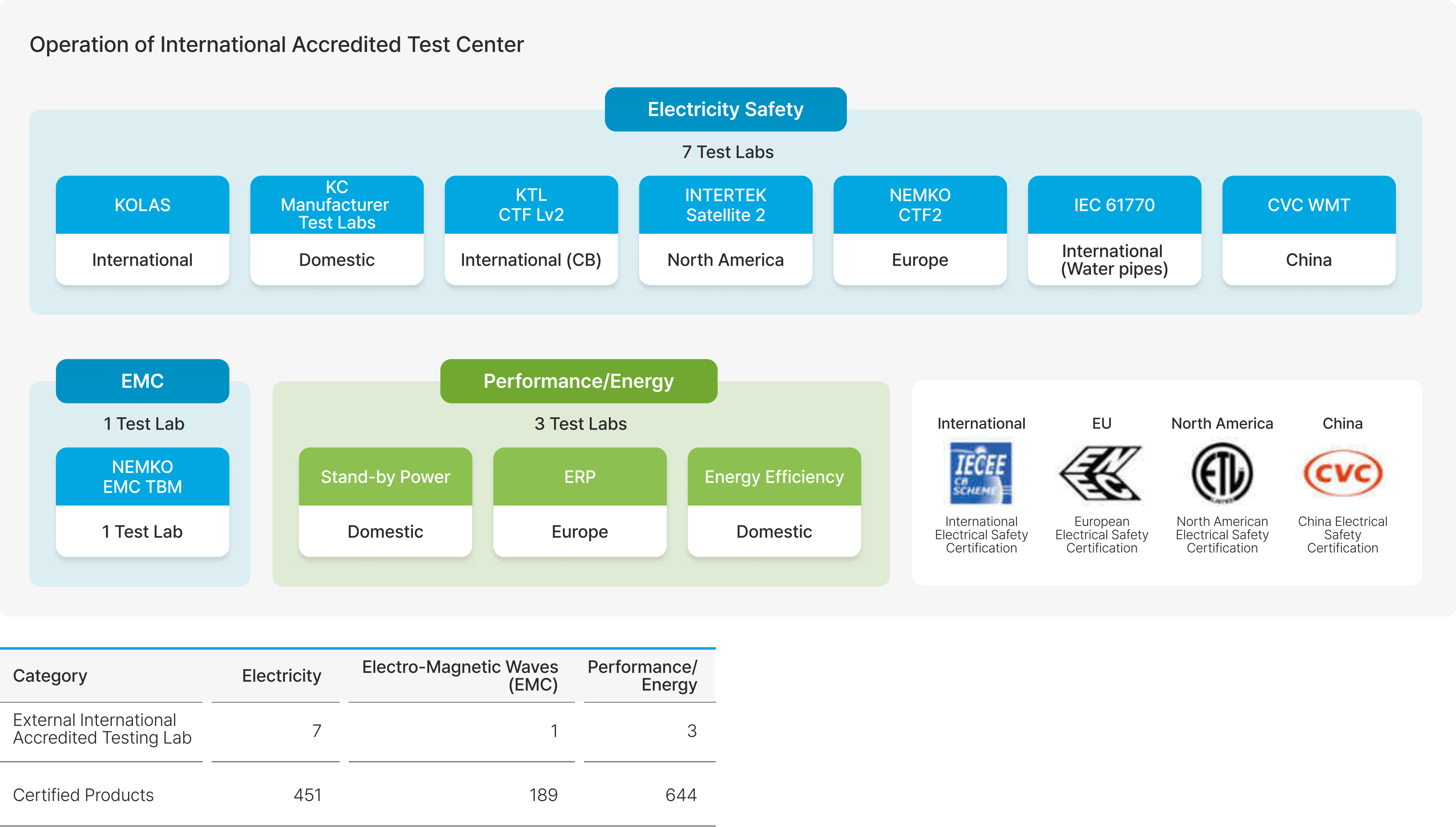
- 1. Secure a platform for integrated management of the IT system for company-wide acquisition and management of certification.
- 2. Establish and operate a digital management system for product certification
- 3. Enhance advanced enterprise-level certification and strengthen business risk management
- 4. Operate a traffic light alarm system for real-time certification risks
- 5. Provide information for strategic decision-making at the organizational level





Internationally Accredited Testing Labs and Certifications

Coway operates 11 internationally accredited testing labs to respond promptly to the rapidly changing safety trends at home and abroad and control certification-related activity. We categorize the testing labs into three areas electrical safety; Electro-Magnetic Compatibility (EMC); and environment and energy to ensure professionalism and product safety.



Safety Verification System

Coway strives to produce items that customers can use with confidence through its own strict management system. We conduct rigorous tests to ensure that our products are designed for safety safe from electricity and electromagnetic waves, and use of suitable parts so that there are no problems with mass-produced products before and after they reach the market.



Safety Verification for the Zero-risk Safety of Mass-produced Products

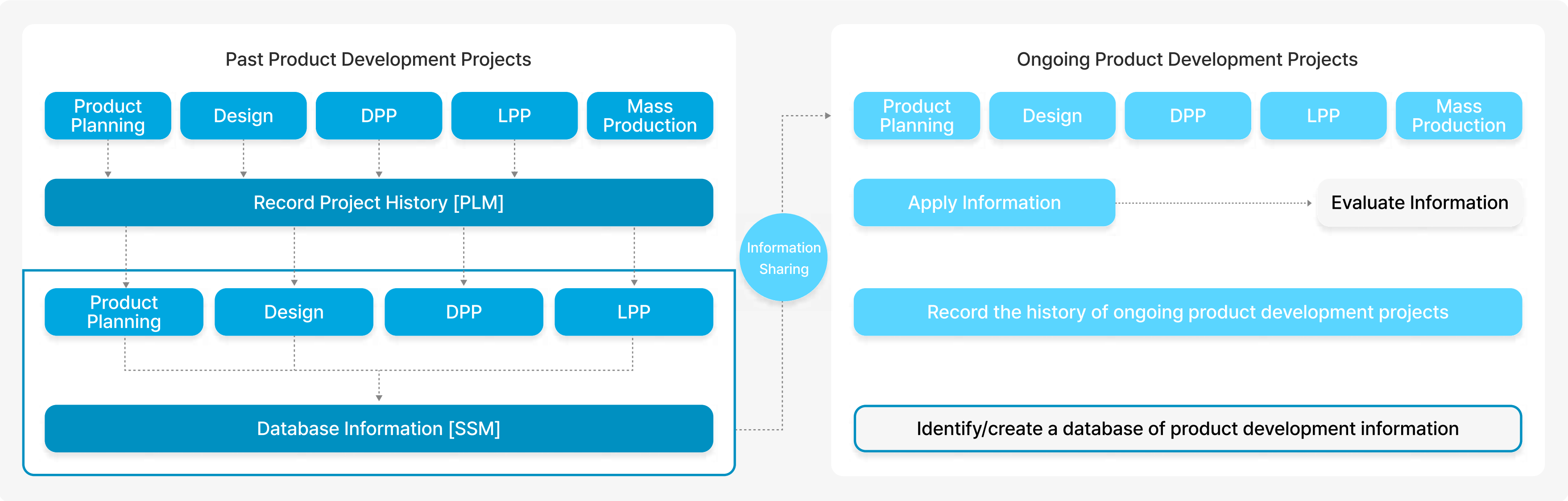
Coway thoroughly inspects the safety of its mass-produced products, aiming to achieve zero-risk safety. Compared to the safety verification conducted on a total of 105 models in 2021, we conducted verification on a total of 153 models in 2022, including 129 domestic models and 24 overseas models.

Category	Goal	Progression	Test
Domestic model	129 models		
Overseas model	24 models	100%	1,679
Total	153 models		

## Establishment and Operation of Quality Failure Prevention Process

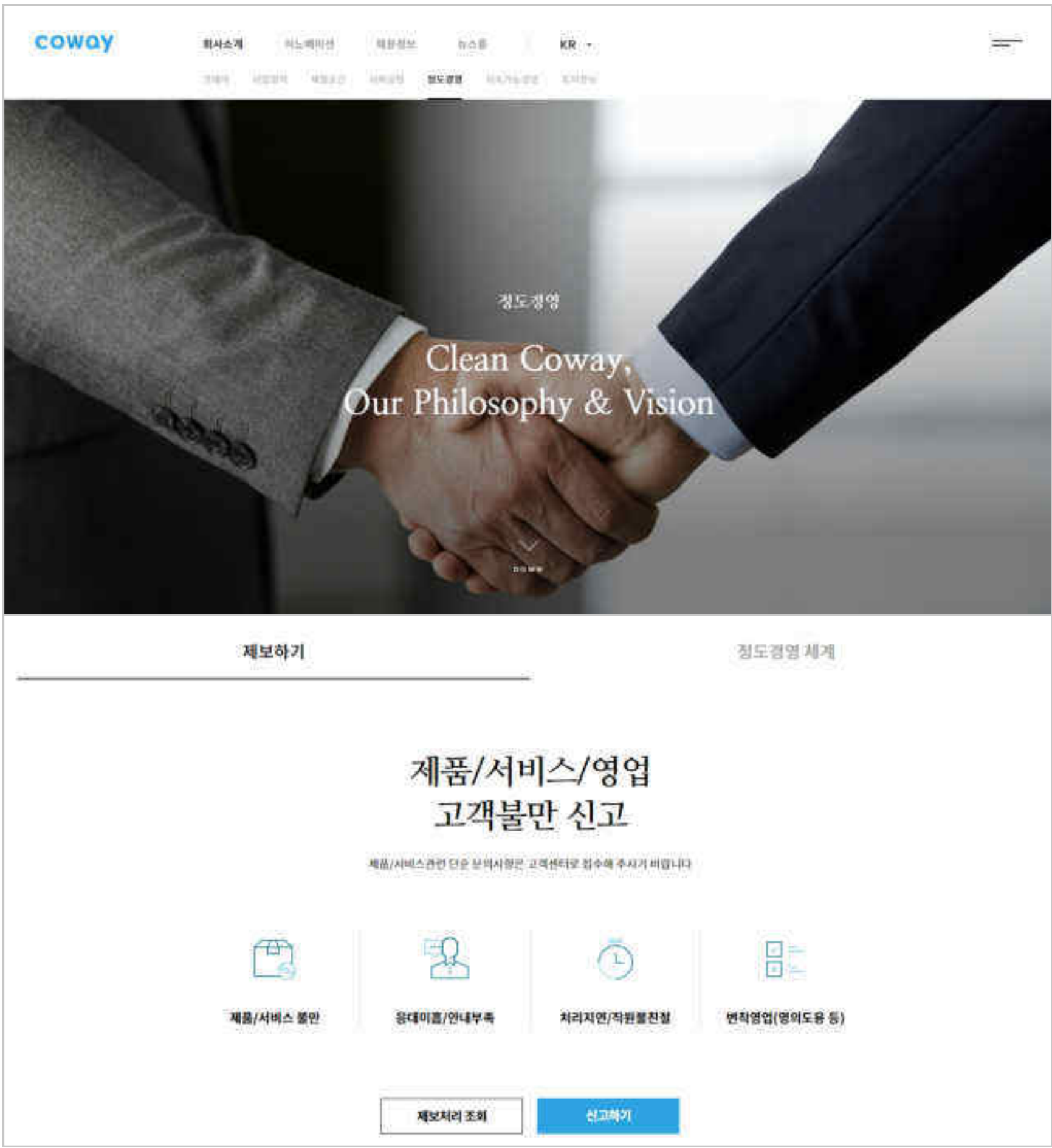
Coway addresses the phenomenon of duplicate failure cases during product development from the perspective of knowledge transfer lifecycle to identify current systemic and operational issues, and aims to improve design quality through Stress Strength Method (\*SSM) of failure cases.

\*SSM(Stress Strength Method): A knowledge system that structures knowledge about failures/defects based on causal chains.



## Operation of the Customer Complaint Handling Process

Coway receives customer complaints related to products/services/sales through the [Ethical Management] banner on the company's website (<https://company.coway.com>). (However, simple product/service inquiries are addressed through the Customer Center.) We disclose each step of the ongoing damage compensation procedure by confirming the customer's personal information entered at the time of receiving the complaint.

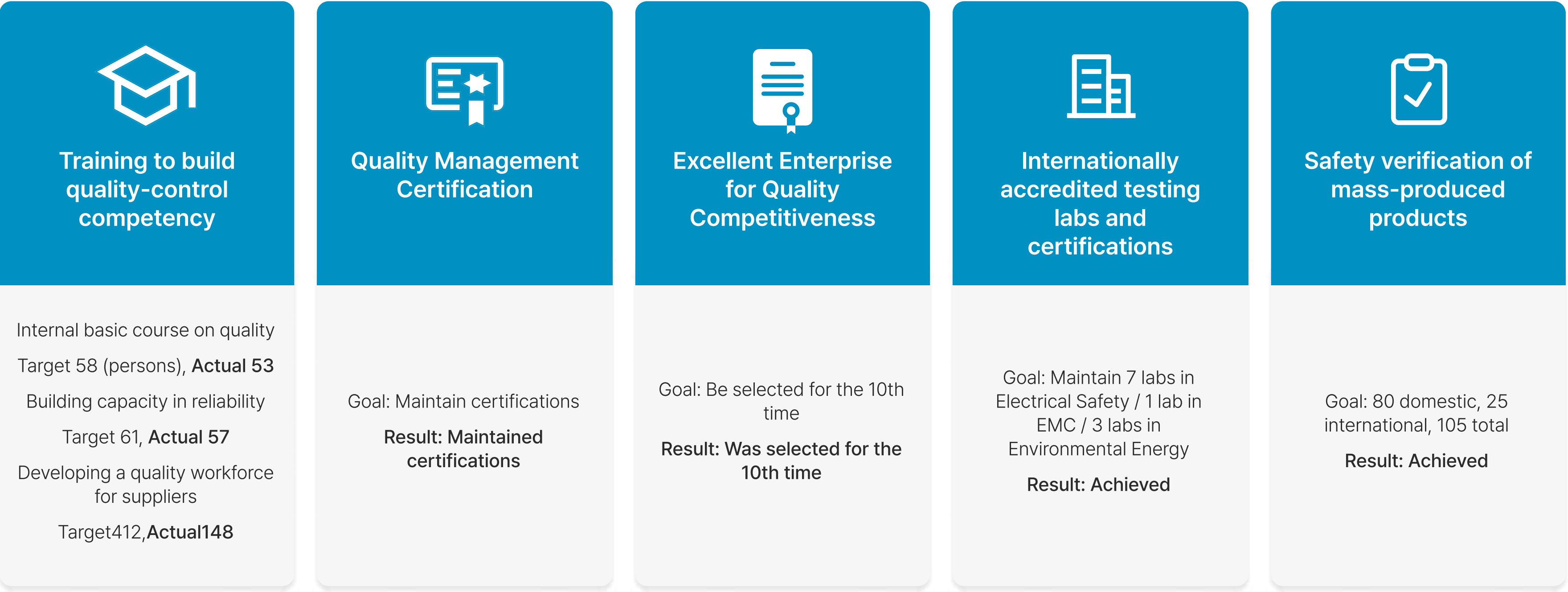




# Metrics and Reduction Targets

## Quality/Safety Goals and Performance

Coway sets goals and conducts activities and management to secure quality excellence of products/components in various areas such as quality-related training, maintenance of certification, and safety verification.



※ Personnel who did not complete the Quality-control Competency Training did not participate due to personal reasons (Covid-19 and vacation) and will complete the training in 2023.

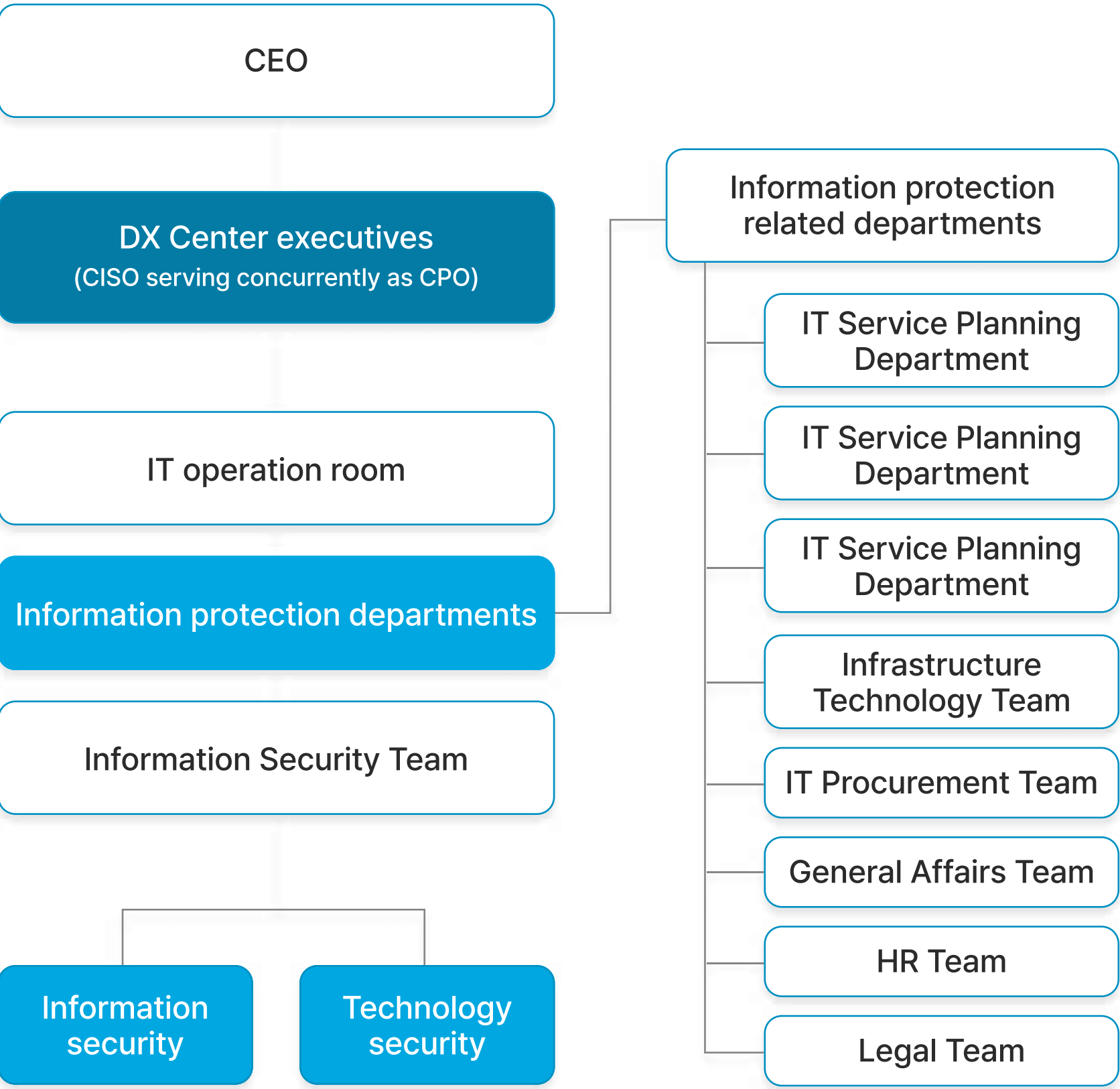
# Governance

## Information Security Organization

Coway operates a privacy protection body in charge of protecting private information. The Information Protection Committee carries out discussions and makes decisions on major issues related to privacy protection. As an executive-level body, the Information Protection Committee is chaired by the chief information protection staffer and comprises the heads of relevant departments as members. The Committee is chaired by the Chief Information Security Officer (CISO), who has "at least 10 years of experience in the field of information protection or information technology", which is the requirement specified for the CISO under the Act on Promotion of Information and Communications Network Utilization and Information Protection.

The Committee helped build an integrated management system to protect and manage private information more efficiently. All bodies related to privacy and information protection are led by the Information Security Team, and work closely with relevant departments for thorough information protection.

## Privacy Protection and Information Protection Organization



## Information Protection Committee



## Activities of the Information Protection Committee in 2022

Externally, there has been an increase in the threat of cyberattacks and the transition to a digital society due to the COVID 19 pandemic; internally, there is a need to establish security policies adapted to the expansion of online services and the evolving cloud environment. In 2022, the Information Protection Committee completely revised the Privacy Protection Policy and guidelines to reflect the evolving internal and external information protection environment and processes, and established new security guidelines for cloud services, which lay the foundation for more practical and systematic operation of the Information Protection Management System.



Strategy

Information Security Policy

We operate an information security system based on the information security policy and guidelines we drew up for protection of customers’ information in all business areas. We divided our privacy protection regulations into policy on basic principles regarding protection of private information and detailed areas for the practice of privacy protection, so that they can be readily applied in the workplace. The information security policy and guidelines are enacted and revised on a regular basis in order to reflect them in the realm of privacy protection that is growing wider in line with changes in the business environment.

In 2022, we subdivided the policy and three guidelines into one policy and 17 guidelines by incorporating the latest issues concerning privacy protection, such as the active use of in-firm cloud system and increase of the location-based services. We are determined to protect private information by applying the related guidelines and measures to all our business areas and fiduciaries and suppliers, as well as marketing bodies.

Information Protection Activities

System for Management of Private Information Protection and Information Protection Measures

We operate a privacy protection lifecycle management system in order to manage our customers’ information as safely as possible throughout the entire process from data collection to storage, utilization, and disposal. In order to maintain the upgraded privacy protection system, we have divided the privacy protection lifecycle management system into management, physical, and technology areas. In terms of the management area, we categorize data and provide training on information protection. The physical area includes access control, CCTV surveillance, and Clean Desk Policy, and the technology area includes system control, management of privacy infringement, IT system-based diagnosis and disaster recovery.

In 2022, Coway conducted activities such as security campaigns, distribution of security posters, and information protection slogan contests to award outstanding employees. We conduct Clean Desk checks and malicious email simulation drills regularly to check the information security status of employees and educate them on behavioral tips to prevent security incidents.



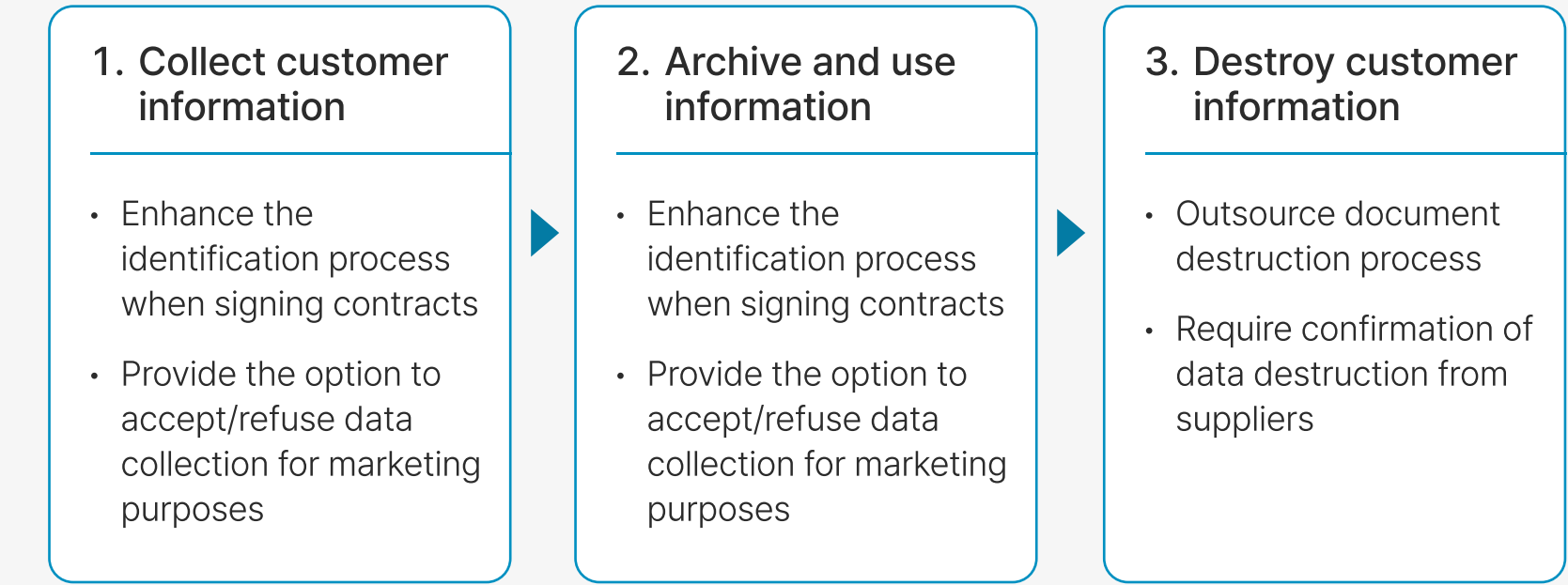
Guarantee of Privacy Rights of the Information Subject

Coway responds promptly to requests for deletion of personal information from information subjects or matters received through the e-Privacy Clean Service to ensure the rights of the information subject.

In 2023, we completed the implementation of privacy labeling on Coway.com and cosmetics sites to make it easier for information subjects to understand the key points of our privacy policy.

(Effective date: Coway.com\_ May 12, 2023/ Cosmetics\_ April 25, 2023)

Privacy Protection Lifecycle Management System



Details of Information Protection Measures

Management Area		Physical Area	Technology Area	
External asset security	Classification of information assets	Access security Operation of CCTV Access control for critical facilities	System development security	Password control
Information protection training	HR information security		Access control	Operation Security
			Management of infringement	IT disaster recovery

Employee Engagement in Information Security Activities

Category	When	Whom	What
Implement Clean Desks	May, September, December (3 times)	Headquarters, labs, and factories (Distribute self-inspection checklists on-site)	Prevent security incidents at the workplace through Clean Desk activities
Malicious email simulation drills	April, July, October (3 times)	Employees of the entire company	wareness-raising activities to prevent malware infections and information leaks due to malicious emails
Information protection slogan contest	September (Once)	Employees of the entire company	Create a slogan that is creative and appropriate for building Coway's information protection culture



Information Protection Certification

Coway has acquired capabilities to fulfill domestic and international standards for personal information security and privacy protection by obtaining information protection certifications from reputable third-party organizations, and strengthens its information protection level every year through post-examination (1 year) and renewal examination (3 years).

Certifications Coway holds	ISMS-P	ISO/IEC 27001:2013
Standard	Domestic	International
International	2022.06.15 ~ 2025.06.14	2020.12.20 ~ 2023.12.20
Certification organization	Korea Internet & Security Agency (KISA)	DNV
Scope of certification	Coway's internet shopping mall service (Coway.com, Cosmetics)	ISMS on IT Activities
Certification effect	<ul style="list-style-type: none"><li>Enhancement of business stability, compliance with information protection</li><li>Compliance with information protection laws for ethical and transparent management</li><li>Minimization of social and economic damage caused by infringement of private information and class action lawsuits</li></ul>	<ul style="list-style-type: none"><li>Compliance with laws related to information protection in accordance with international standards</li><li>Provision of a systematic risk management environment for information protection against security threats</li><li>Improvement of external reliability with the acquisition of certification for information leakage prevention capabilities</li></ul>
Contribution and effect on business	Systematic prevention and improvement by holding certifications in order to protect personal information from hacking and eliminate threats to internal infringement. Furthermore, contribution to business stability through protection from violation of related laws and prevention of risks related to financial aspects (fines, etc.) and reputation.	



Risk Management

Privacy and Information Security Framework

Conduct "security checks" to check and improve information protection laws and vulnerabilities proactively when a new system is established or major changes are made to internal and external services.

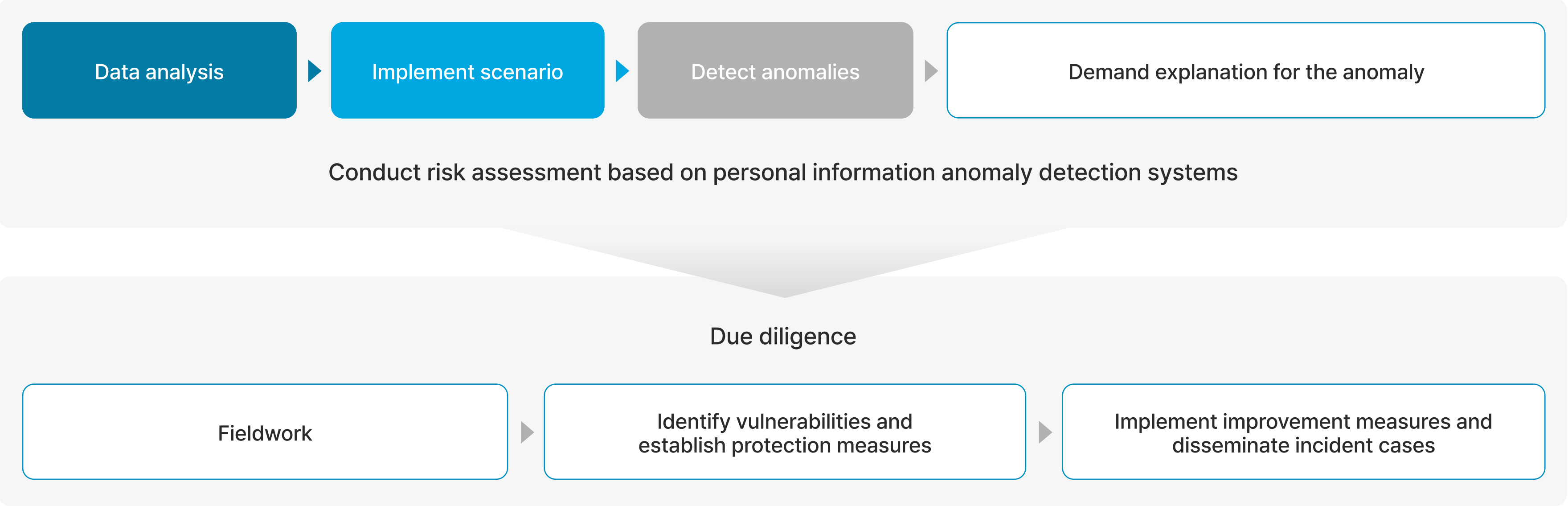
Prevent legal risks and security vulnerabilities proactively by conducting security checks in accordance with the Personal Information Protection Act and ISMS-P certification standards

Monitor whether there are files containing personal information on employees' PCs, encrypt files in use, recommend deletion of files when their purpose of use has ended, and secure the safety of the PC environment through My PC Guardian.

Monitoring of Risks for Information Protection

In 2022, we identified risk issues, such as mass inquiries and export of personal data and activities after office hours. As a result, we identified some cases involving suspicion of privacy violation and managed the risk factors. We also reinforced our activities to raise awareness on information privacy in order to prevent potential risks to information protection in the process of employees' working from home due to COVID 19, and ran malicious email simulation training for employees, suppliers, and partners. In addition, we checked the continuity of our information protection system by diagnosing infrastructure weaknesses, reviewing security, and validating disaster recovery procedures.

System-based Risk Inspection and Due Diligence





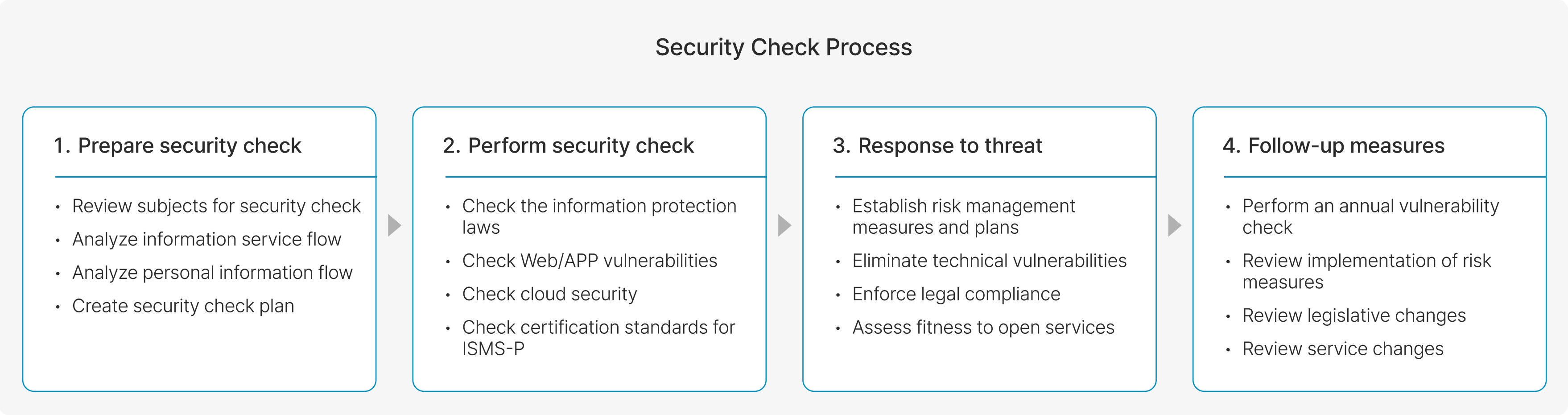
Prevention of security incidents and implementation of follow-up measures

Prevention

We prevent security breaches by monitoring and responding to external threats round the clock (24 hours a day, 365 days a year) through security monitoring services. We collect and analyze domestic and international security trends and prevent incidents by monitoring and responding to hacker attacks in real time and reinforcing response measures through vulnerability diagnostics and simulation exercises.

Follow-up measures

We respond quickly to incidents and prevent the spread of damage through policies and guidance on responding to security incidents. We have introduced four threat alert levels based on the severity, type and extent of damage caused by security incidents, and created an enterprise-wide response system through the formation of the Security Incident Response Team, an incident control tower.



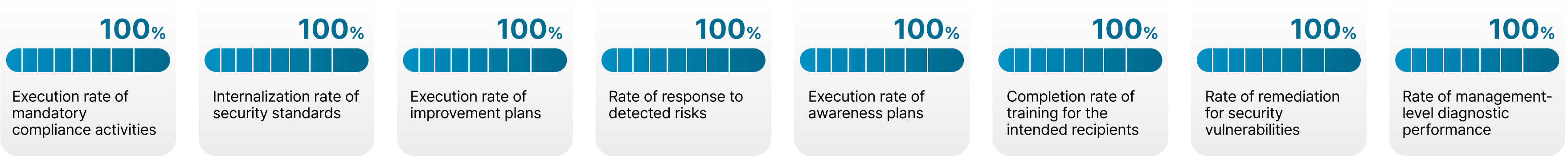
Response System in Case of Personal Information Infringement

We operate a privacy incident response system to take initial action promptly, minimize damage and prevent secondary damage in cases where a data leak or breach occurs. We classify privacy incidents into data breach and data leak (leaks of private data and inside information), respectively, and take appropriate measures for each type of incident. Above all, we alert the information protection staff immediately after we detect an incident through security control and periodic monitoring and form a response team. Next, we conduct a detailed analysis of how the information leak occurred through fact-checking and evidence-collection and preservation after taking initial action. This is followed by measures to prevent recurrence and ensure we get back on track. Equipped with this response system, we inform relevant departments of the incident and our responses, and provide training in order to prevent similar incidents.

Classification			Privacy Infringements	Leaks of Personal Information	Leaks of Inside Information	Remarks
Control/Monitoring			<b>Remote security control</b> <ul style="list-style-type: none"><li>Malware infection (Websites and viruses)</li><li>Hacking attacks (Fake or falsified websites, website traffic abuse)</li><li>DDoS attacks, etc.</li></ul>	<b>Remote security control</b> <ul style="list-style-type: none"><li>Leaks of personal information</li><li>Leaks of inside information</li></ul>	<b>Remote security control</b>	<b>Department that detects the incident:</b> Report the suspicious activity to information protection staff
Incident detection/Reporting			<b>II. Response to privacy infringements</b>	<b>III. Response to leak of personal data</b>	<b>IV. Response to leak of inside information</b>	Report to CEO Report to CISO
			Internal reporting Report to national authorities Organize a Security Incident Response Team	Incident reporting and customer notification <ul style="list-style-type: none"><li>Incident Response Team and Emergency Board Meeting convened</li></ul>	Internal reporting Report to national authorities (if necessary) <ul style="list-style-type: none"><li>Organize a Security Incident</li></ul>	
Response to incident	Initial action		F/W blocking, application of ACL policy, NMS monitoring, vaccine	Minimize damage caused by leak of private data	Prevent leak of additional information	
	Detailed analysis	Fact checking	Collect and analyze logs (To check falsification, etc.) <ul style="list-style-type: none"><li>Recently modified files, programs and services</li><li>Anomalous port and outside networking, etc.</li></ul>	Track data leakage Respond to customer complaints and mitigate damage	Interviews	
		Collection and preservation of evidence		Forensic		Collect relevant evidence
Follow-up measures (Prevention of recurrence)			Normalization of services Complementary measures and recurrence prevention measures	Monitoring the application of countermeasures Measures to prevent recurrence	Disciplinary actions and civil and criminal complaints Measures to prevent recurrence	Report to CEO Report to CISO

# Metrics and Reduction Targets

Coway monitors information security activities on a monthly basis, identifies areas needing improvements, and reports and manages ongoing information security activities. In 2022, a total of 34 information security activities were conducted, exceeding the target of 90% and achieving 100%.



## Information Security Activities and Achievements in 2022

Category	Key Activities and Achievements	Evaluation Indicators	Measurement Results
Compliance	<ul style="list-style-type: none"><li>• Inspection of personal information access records/destruction status</li><li>• Notification of usage to the information subject and resolution of complaints/disputes</li></ul>	Percentage of mandatory compliance activities performed	100%
Operation of management system	<ul style="list-style-type: none"><li>• Establish/amend information protection regulations</li><li>• Check physical security of controlled areas</li><li>• Conduct security reviews for internal and external services</li><li>• Report monthly information protection activities</li><li>• Renewal of the ISO27001 certification</li><li>• Acquire ISMP-P certification</li><li>• Register information protection disclosure</li></ul>	Rate of coverage for internalization of security standards	100%
Operation of security system	<ul style="list-style-type: none"><li>• Improve security system operations</li><li>• Review access permissions regarding the security system and remove unnecessary policies</li></ul>	Execution rate for the improvement plan	100%
Prevention of information security breaches	<ul style="list-style-type: none"><li>• Detect and respond to PC security vulnerabilities and information leakage threats</li><li>• Take action against malware infections</li><li>• Implement Clean Desks to protect information in office spaces</li><li>• Expand Clean Desks at major business sites (Research centers and factories)</li></ul>	Risk detection response rate	100%
Raising awareness	<ul style="list-style-type: none"><li>• Implement a monthly information security campaign</li><li>• Notify employees about major information leaks, ransomware, etc.</li><li>• Malicious email simulation drills (3 times)</li><li>• Information security campaign survey</li><li>• Conduct employee participation events (Information security slogan contest)</li></ul>	Execution rate for the awareness plan	100%
Enhancement of trainings	<ul style="list-style-type: none"><li>• Provide customized information security training for employees and contractors based on company security solutions and policies</li><li>• Send monthly reminder texts on information security practice to commissioned contractors who work offsite</li><li>• Conduct IDC simulation drills</li><li>• Validate disaster recovery procedures and emergency contacts for a Category 1 disruption through annual tabletop exercises</li></ul>	Completion rate of training for the intended recipients	100%
Risk management	<ul style="list-style-type: none"><li>• Security reviews and enterprise-wide risk measures/removal</li><li>• Complete annual penetration testing and diagnosis of infrastructure vulnerabilities</li><li>• Enhance detection of security risk for end points and minimize security blind spots</li></ul>	Security vulnerability measures/removal rate	100%
Internal audit	<ul style="list-style-type: none"><li>• Conduct an information security management system audit</li><li>• Inspect the security management of business partners and contractors</li></ul>	Rate of management-level diagnosis	100%



# Environmental

## Environmental Management

### Environmental Management Policy

Coway's environmental management starts with the vision of "Company with the Best Life Solutions" and the mission of "creating a healthy and convenient living environment through our innovations." Based on this, Coway is working hard to create a healthy and convenient environment our products and services. We recognize that making the environment healthy and people happy while doing business is a core value of environmental management, and we are actively fulfilling it.

In order to minimize the negative impact on the environment throughout the entire business process, we have established missions, visions, environmental management strategies and goals. We operate the ESG Committee (CEO, Outside Directors), ESG Consultative Group, and sub-working groups to manage environmental risks company-wide. To prepare for climate change adaptation, we have also developed and disclosed scenarios for dealing with climate-related risks and opportunities from climate change adaptation, its potential impacts, and the relevant financial impacts.

Environmental Management Strategy >

#### Environmental Management Principle

Coway establishes environmental management policies and strategies as follows to contribute towards eco-friendly management activities and the transition to a carbon neutrality society in order to create a healthy and convenient living environment that considers the environment.

1. Secure the development of Coway's sustainability and global eco-friendly corporate leadership through ongoing investment and innovations in eco-friendly business.
2. Secure continuous value creation in environmental management and the driving force of future growth through complying with environmental laws and building advanced environmental management systems.
3. Provide a clean environment for future generations by minimizing environmental impact through preventive activities such as building clean manufacturing systems to decrease pollutants and GHG emissions.
4. Lead the way in the research and development of green products, services, and technologies, considering environmental feasibility in every step of product and service rollout.
5. Disclose all environmental management information to stakeholders transparently and actively participate in environmental conservation plans for local communities with continuous communication.

CEO Jang-Won Seo

서장원

### Environmental Management Strategy

In order to provide eco-friendly products and services for consumers who emphasize value consumption, Coway has been using eco-friendly parts/materials as part of its environmental management starting from the product research and development stages.

We also set targets as key performance indicators (KPIs) for organizations in charge of product planning, design, and product-specific development to actively encourage eco-friendly product planning and development. We are further implementing our performance evaluation strategy to help consumers make more informed choices.

Creating a healthy and convenient living environment through our innovations

Best Life Solution Company

Green Global Leader

Adding value to environment



Reputation

Building an eco-friendly company base/ Maximizing environmental brands



Risk Taking

Preventing environmental safety risks/ Building & Operating Eco-Value Chain



Revenue

Building and forming Eco-Biz/ Establishing good and virtuous profit structure cycle



Communication

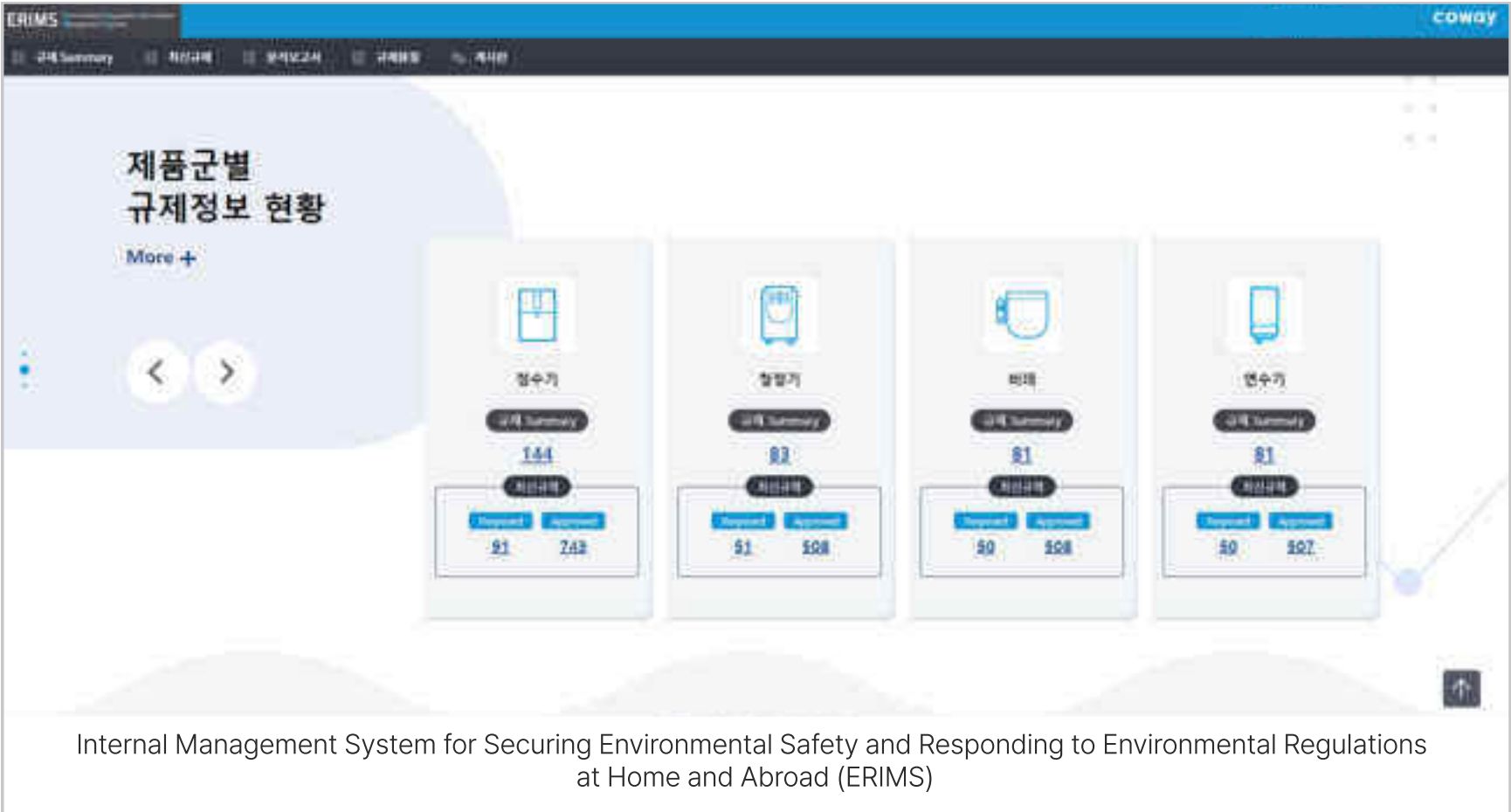
Expanding eco-friendly communications/ Internalizing Eco-DNA



Strategies for responding to key product environmental laws and regulations



Coway has established the Environmental Regulation Information Management System (ERIMS) to analyze and report on the latest global and continental regulatory trends. In addition, Coway operates a system that classifies regulatory information on manufactured/produced products by product group to examine regulatory status before product development. This is the ERIMS screen that Coway is currently operating.



Coway complies with the following domestic and international environmental laws and regulations:

- Electrical Appliances and Consumer Products Safety Control Act
- Act on Resource Circulation of Electrical and Electronic Equipment and Vehicles
- Act on The Promotion of Saving and Recycling of Resources
- Drinking Water Management Act
- Other domestic laws and similar laws and regulations overseas (major export countries)

Environmental Management System

ESG Committee

Coway's highest decision-making body is the Board of Directors.

Within the Board of Directors, there is an ESG Committee that makes all decisions regarding sustainability management, including environmental management. Among them, issues related to environmental management (climate change adaptation, chemical management, and resource circulation) are led by the Environmental Safety Certification Team of the TQA Office.

This means that we are firmly committed to ensuring that all employees understand the importance of environmental management, committed to establishing Coway's ESG direction and system, and to actively practicing ESG management considering the environment.

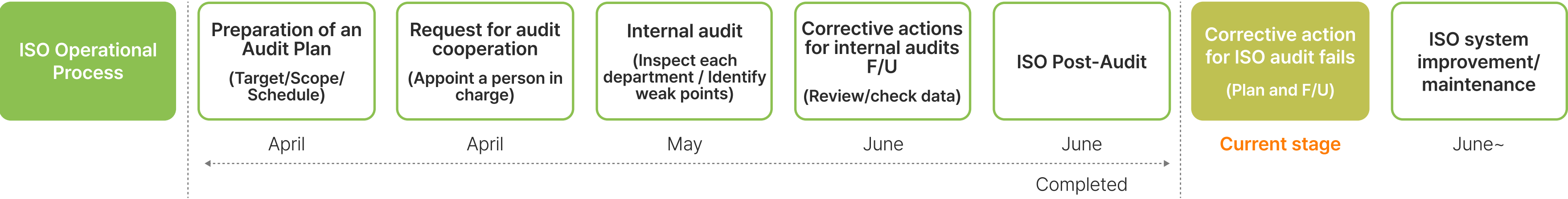
Coway will continue to strive to spread sustainable value by communicating with various stakeholders, including customers, employees, shareholders, and local communities.



Environmental Management/Assessment Process

Coway operates a systematic environmental management/assessment process by introducing an environmental management system that meets global eco-friendly management standards in all corporate activities.

Coway promotes environmental management in accordance with the ISO14001 standard every year and verifies/certifies environmental management performance through periodic internal/external objective audits.





# Environmental Performance Assessment

Coway assigns key performance indicators (KPIs) to specific functional organizations that can be linked to environmental management performance and implements performance evaluations and compensation in comprehensive consideration with other KPI items.

## Assess and Link Environmental Performance

- Target: CTO (department) and sub-organizations (division), product planning office, design center (department) and sub-organizations (division), etc.
- Scope: Differential evaluation based on performance against goals set by each organization
- Example (actual KPIs set in 2023)

Organization	Description of Indicators
CTO (department)	Identify and develop ESG strategic tasks (with a focus on proactive regulatory responses)
Sub-organizations (division)	Apply eco-friendly and recycled resins to interior products

\* The content of other organizations is considered confidential and are not disclosed.

# Environmental Capacity Building

## Environmental Training & Performance

Coway conducts training programs for employees to enhance environmental management capabilities. In 2022, employees participated in the environmental management system and ESG management training programs. In particular, the ESG management training program will be introduced as a mandatory course for employees in 2023. In the future, we plan to strengthen environmental competency training not only for our employees but also for our suppliers.

## Environmental Training Performance

Training Program	Target	Contents	Number of participants	Duration
(Offline) Environmental Systems/ESG Management	Employees	• Environmental Management System • Establishing ESG Governance • Workplace Environment	5	88 hours in total (17 hours per person)
(Online) ESG Management	Employees	• Understanding ESG • ESG Management • ESG Revolution	14	40 hours in total (3 hours per person)
(Online) ESG Management	Suppliers	• Understanding ESG • ESG Management Practices • Internalizing ESG Management	58	580 hours in total (10 hours per person)

# Environmental Campaigns with Employees

Coway conducts employee engagement campaigns to improve employees' environmental awareness and spread a culture of environmental protection and biodiversity conservation.

Case 1

'Bring your (own) container (courage) challenge'

In an effort to reduce unnecessary waste and participate in environmental protection, Coway held the "bring your (own) container (courage) challenge" to encourage employees to use reusable containers instead of single-use ones. With the aim of reducing the use of single-use products such as plastic and plastic bags for packaging food and beverages, Coway employees were encouraged to use reusable containers and water bottles at the cafes available for employees on the first and third floors of the headquarters building. The "bring your (own) container (courage) challenge" means taking the courage to bring your own container. Coway plans to strive to spread the culture and awareness of environmental protection practices such as this.

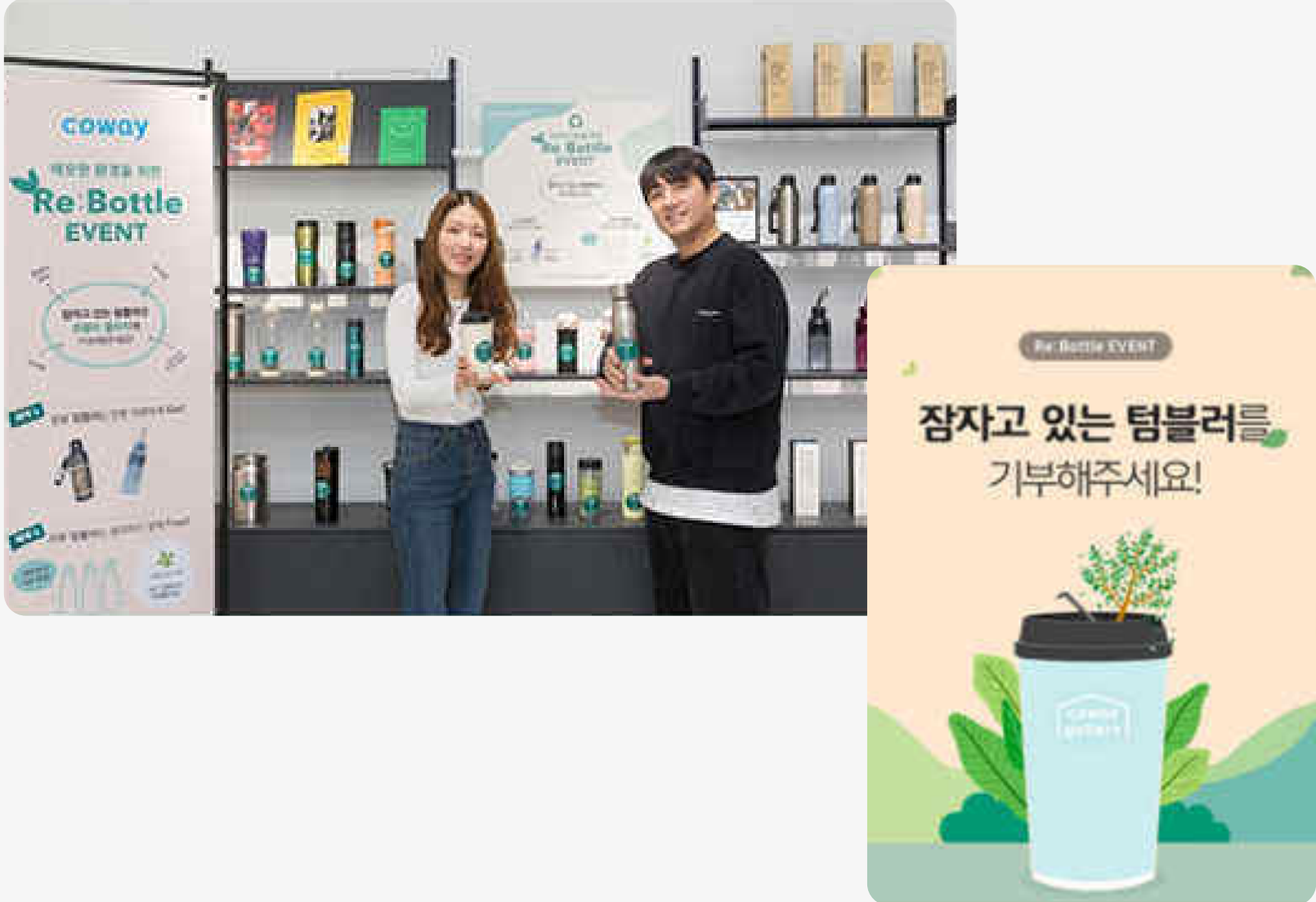


Case 2

Re:Bottle campaign

After COVID-19, the spread of the food delivery culture created a serious problem from the generation of single-use waste, and many people became interested in living a waste-free life. Coway launched the "Re: Bottle" campaign among headquarters staff and customers who visited the Coway Gallery on the third floor of the headquarters to build a consensus on resource recycling and environmental protection, spread Coway's green values, and actively communicating with consumers and the younger generations.

If you have a tumbler that you don't use but don't want to throw it away, bring it to the Coway Gallery and you can buy two types of new water bottles at a discount of KRW 10,000 each. The discount on the new products is limited to two per person, and the offer is limited to the first 300 customers. Coway plans to strive to spread a culture and awareness of resource recycling practices.





# Governance

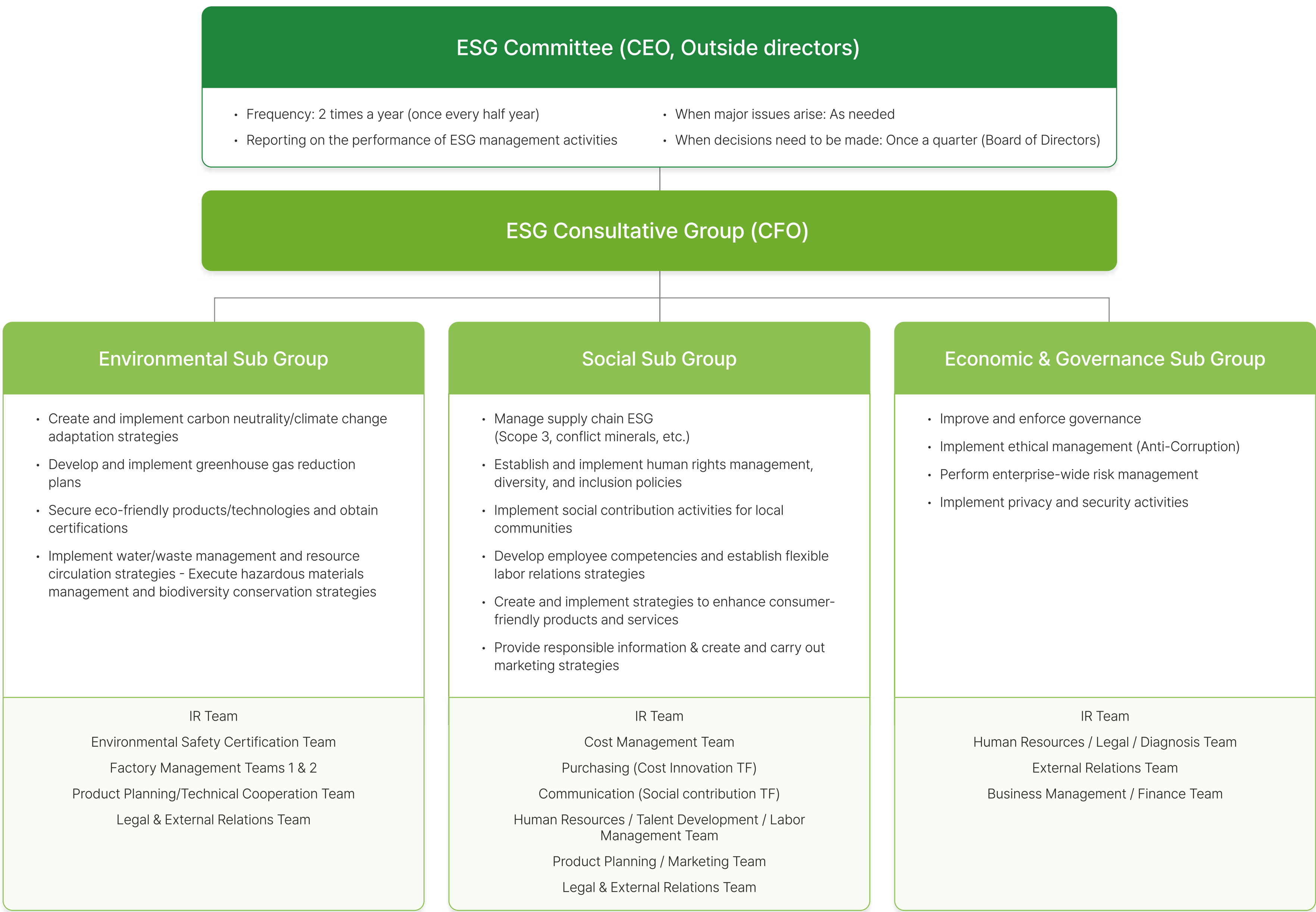
## Organizations for Climate Change Adaptation

Coway's highest decision-making body is the Board of Directors. Within the Board, there is an ESG Committee where all decisions relating to sustainability management, including climate change adaptation, are taken.

In particular, climate change adaptation is discussed by the Environment Sub- consultative group within the ESG Consultative Group. This sub-consultative group includes the head of the organization and the person responsible for climate change adaptation at each department/division.

The strategy for the climate change adaptation is led by the IR team and the Environmental Safety and Certification team of the TQA division, and other departments included in working groups to carry out tasks related to risk and opportunity areas. The results of the tasks and action plans are shared and reported to the ESG consultative group four times a year. Some of the climate change adaptation tasks presented at the last ESG Consultative Group have been placed on the agenda of the ESG Committee and the final decision has been made by the Board of Directors.

Supervision and Decision-Making Structure of the Board



 : Responsible Sub-consultative Group

# Strategy

Climate change adaptation will impact all industries and create various business risks and opportunities in the future. Due to the impact of climate change adaptation on the economy, there has been growing demand from stakeholders for the disclosure of climate change adaptation-related information. Although Coway has not declared its support for the Task Force on Climate-related Financial Disclosures (TCFD), the company plans to gradually disclose its advanced strategy to address the climate change adaptation risks Coway may face, in line with recommendations from the TCFD disclosure framework (governance, strategy, risk management, indicators and reduction targets). This will enable investors to better understand Coway's climate change adaptation and contribute towards transitioning to a carbon neutrality society.



# Scenario Analysis

Coway has conducted a scenario analysis of Coway's climate change adaptation based on the Nationally Determined Contribution (NDC) and the IPCC's Fifth Assessment Report and made assessments. In addition, Coway will gradually update scenario analysis in light of the recent IPCC Sixth Assessment Report and disclose its strategy for addressing climate change adaptation based on the results of the scenario analysis in accordance with the TCFD framework.

# Risk Management

Coway categorizes risks from climate change adaptation into physical and transition risks. Physical risks include the impacts of extreme weather, such as droughts and floods, and global warming. Transition risks include changes in policy, in the supply chain and market demand in the process of transitioning to a carbon neutrality society.

Coway is reviewing the risks from climate change adaptation on a scenario basis, focusing on business impacts, and establishing strategies to address potential impacts and financial impacts from short-term, mid-term, and long-term perspectives.

## Analyzing the impact of Coway's physical risks under climate scenarios

As a result of analyzing the impacts of acute and chronic risks caused by climate change adaptation, the impacts of physical risks including typhoons, heavy rains, floods, forest fires, and heat waves. Accordingly, for risks with medium- to long-term impacts, such as heavy rains and floods, it was confirmed that it is necessary to establish and operate a disaster management process including disaster recovery in the event of a natural disaster, and to operate risk assessment to identify, evaluate, and eliminate risk factors in the workplace to prevent major disasters in terms of safety and health management.

		Level of Risk Impact			
		Low <div><div></div><div></div><div></div><div></div><div></div></div> High			
Risk Classification	Risk	Planning Period			
		2025	2030	2050	
Physical Risks	Acute	Typhoons			
		Heavy rain and flooding			
		Wildfires			
	Chronic	Heat waves			
		Precipitation changes			
		Temperature changes			
		Water shortages			
		Rising sea level			

Physical and transition risks of climate change adaptation

High Medium Low

Type		Period	Factors	Potential Impacts	Financial Impacts	How to address risks and realize opportunities
Risk	Physical Risks	Short-term (by 2024)	The possibility of another pandemic (Covid-19) outbreak	Reduced employee productivity due to contracting certain diseases Sales decreases due to reduced activity, such as people spending	Low	Implement a national response strategy
		Mid/long term (2025 -2050)	Extreme weather events such as droughts, floods, heat waves, and heavy snowfall		Medium	Establish climate change adaptation strategies (for each scenario) and continue to monitor and prepare for climate change-related information.
			Damage to business sites due to natural disasters	Increase in follow-up costs for damage to business sites	Medium	Establish a detailed response processes for relocating production, inspections, and the closing of business sites.
			material/component supply issues	Productivity losses due to supply chain damage	Medium	Establish detailed response processes, including supply chain diversification, replacement, etc.
			Issues when moving for product installation/management	After sales service delays that tarnish the corporate image and reputation	Medium	Establish a process to guide installation/management delays and develop and launch self-managing products
			Outages caused by oversupply due to increased heating and cooling power usage	Disruption of power supply causes a business shut down Reduced revenue due to late delivery	Medium	Establish response processes, including plans to utilize renewable and stored energy
			Extreme weather events exacerbate water scarcity		Medium	Establish climate change adaptation strategies (for each scenario) and continue to monitor and prepare for climate change-related information
			Strengthened national water management policies	Increase in water and industrial water use/disposal costs	Medium	Secure facilities and establish processes for reusing and recycling water
			Increased conflict between community members over the development and use of water resources, including groundwater.	Increase in conflicts with local residents over water development due to water scarcity	Medium	Establish a stakeholder engagement process
			Increased carbon reduction regulations and disclosure obligations	Increase in costs of energy transition to meet carbon reduction goals	Medium	Proactively run mitigation scenarios and conduct regulatory monitoring
		Short-term (by 2024)	Increased regulation of resource circulation	Increase in product development and adoption costs for recycling products	Medium	Redefine product development processes to align with regulations
			Increased regulation of raw materials/ components containing conflict minerals	Increases in the cost of introducing management systems and monitoring processes to verify the use of conflict minerals in raw materials/components	Low	Redefine product development processes to align with regulations Implement ESG practices through advanced supply chain management processes
			Growing demand for low-carbon and green products and services	Delays in developing green products and services to meet consumer needs resulting in lost revenue and reflecting badly on company reputation.	Medium	Merchandise planning and product launches that reflect consumer needs in line with the trends
	Transition Risks	Mid/long term (2025 -2050)	Stakeholder demands for ESG accountability	Corporate image and reputation damage from not being proactive enough in responding to trends and stakeholder needs	Low	The need to create/revise proactive strategies, plans, and goals to keep up with trends
			Enhanced regulations on greenhouse gases	Cost increases	Low	Actively explore the development and application of new and alternative technologies
			New sustainability report disclosure standards and enhanced disclosure obligations	Increase in the cost of producing/verifying sustainability reports to comply with disclosure standards More confusion due to differences in deadlines for voluntary and mandatory disclosures	Medium	The need to monitor and internalize proactive disclosure guidance to prepare for when disclosures become mandatory
			Disclosure violations and litigation risk exposure.	Increases in litigation costs	Medium	Comply with disclosure standards



Analysis of Coway's opportunities under different climate scenarios

Climate change adaptation can be a risk factor, but it can also play a strategic opportunity in ways such as transforming businesses. Coway has analyzed the impact of climate change adaptation opportunities. We intend to contribute towards improving resource circulation by establishing a waste recovery and recycling system and a resource cycle ecosystem. We also expect to reduce operating costs, including the cost of purchasing energy, meet renewable energy conversion targets to achieve carbon neutrality, and ensure competitiveness in a carbon neutrality industrial structure.

		Level of opportunities impact		
		Low		High
Categorizing Opportunities	Opportunities	Planning Period		
		2025	2030	2050
Market	Covid-19 mitigation			
	Launch and expand self-management products/ services			
Resource Efficiency	Increase the percentage of energy- and resource-efficient operating technologies and products.			
Market	Extreme weather events increase the frequency of extreme droughts, yellow dust, and fine dust.			
Policy	Apply greenhouse gas emission/ reduction technologies			
Market	Build an ecosystem to recover and recycle waste products for resource circulation			
Energy MIX	Reduce greenhouse gas emissions by phasing in renewable energy and meeting targets			

Opportunities from Climate Change Adaptation

						High	Medium	Low
Type		Period	Factors	Potential Impacts	Financial Impacts	How to address risks and realize opportunities		
Opportunity	Market	Short-term (by 2024)	Covid-19 mitigation	Increase productivity due to workers being able to actively participate in production activities	Medium	Perform business-as-usual activities to keep the business sustainable		
			Launch and expand self-management products/services	Reduce costs by dealing with risk (unavailable for in-home service) Increase in revenue by launching products to meet non-contact service needs	Medium	Respond to product after-sales service in the event of extreme weather such as heat waves, heavy snow, floods, etc.		
	Resource Efficiency	Mid-term (2025 -2030)	Increase the percentage of energy- and resource-efficient operating technologies and products.	Reduce operating costs through increased energy efficiency Increase in revenue as demand for green goods and services grows Enhance corporate image and reputation	High	Obtain environmental marks/carbon footprint/low carbon certification Sell green, renewable power/Secure REC		
	Market		Extreme weather events increase the frequency of extreme drought, yellow dust, and fine dust.	Increase in sales of our products as water pollution causes an unstable supply of drinking water and the number of days with high levels of yellow dust and fine dust increases	High	Expand market and increase demand for water/air purifier products		
	Policy	Mid/long term (2025 -2050)	Apply greenhouse gas emission/ reduction technologies	Improve corporate image and reputation	Medium	Improve credibility by advancing and internalizing green products and technologies		
	Market		Build an ecosystem to recover and recycle waste products for resource circulation	Expand revenue streams by entering new markets Diversify the business portfolio to drive sustainable growth	Medium	Actively explore new eco-friendly business plans for extended value chains in downstream industries		
	Energy MIX		Reduce greenhouse gas emissions by phasing in renewable energy and meeting targets	Reduce costs and increase revenue with increased efficiency and productivity	Medium	Achieve Net Zero to improve the business environment and generate profitability		

Resilience

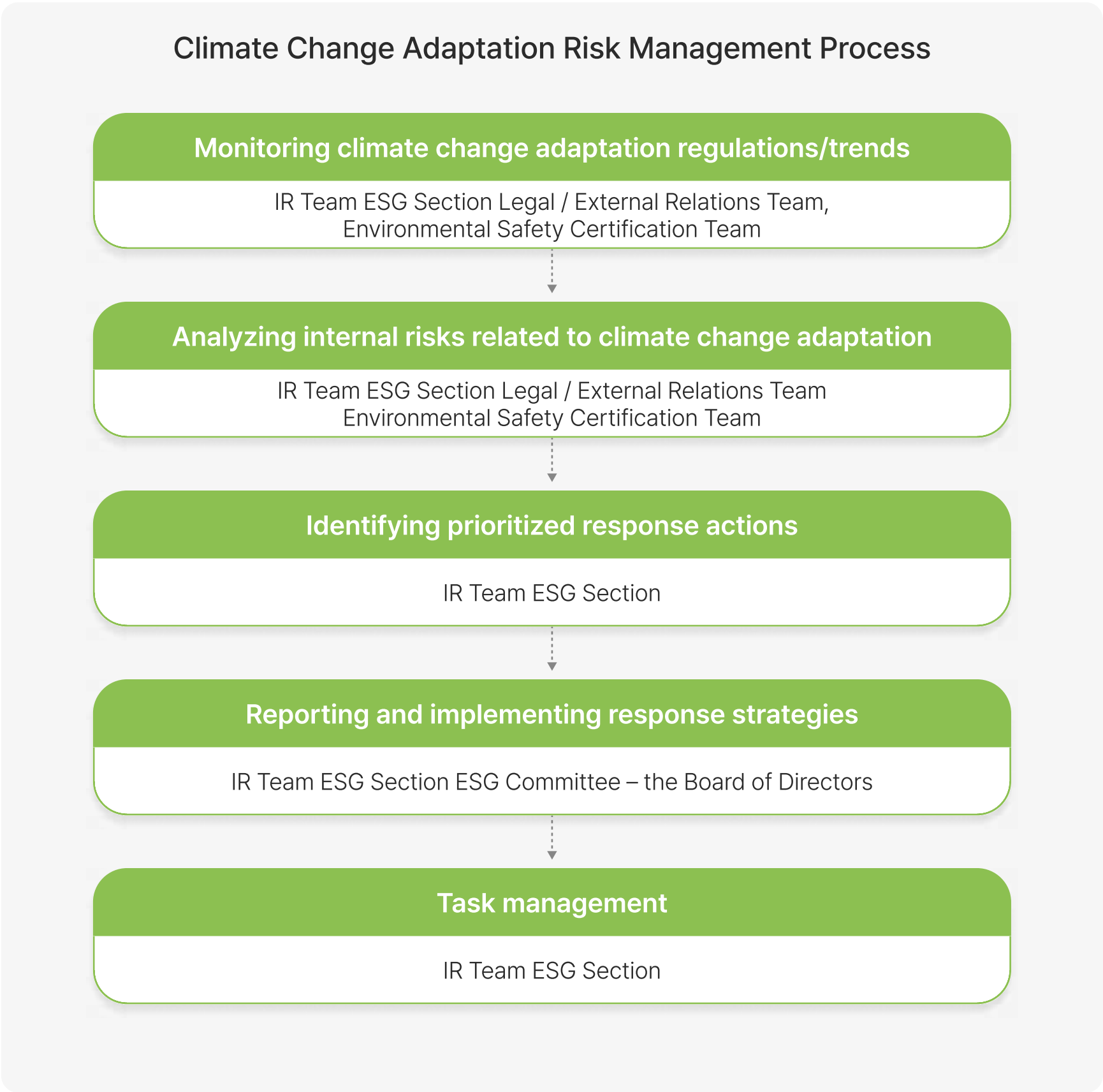
Coway is developing a detailed strategy to promote climate adaptation, incorporating resilience into organizational strategies across the company and moving away from the company's past site-focused climate change adaptation.



Climate Change Adaptation Risk Management Process

Coway's climate change adaptation risk management is conducted as a business risk management process to respond to changes in the external business environment. In climate change adaptation risk management, the IR Team of ESG division leads the entire process and operates/manages each process (monitoring, risk analysis, task submission, reporting, and management).

Climate change adaptation risks identified through this process will be reported periodically to the ESG Consultative Group. The financial and non-financial impacts of climate change adaptation that are assessed to be material risks will be reported to the ESG Committee and the Board of Directors.

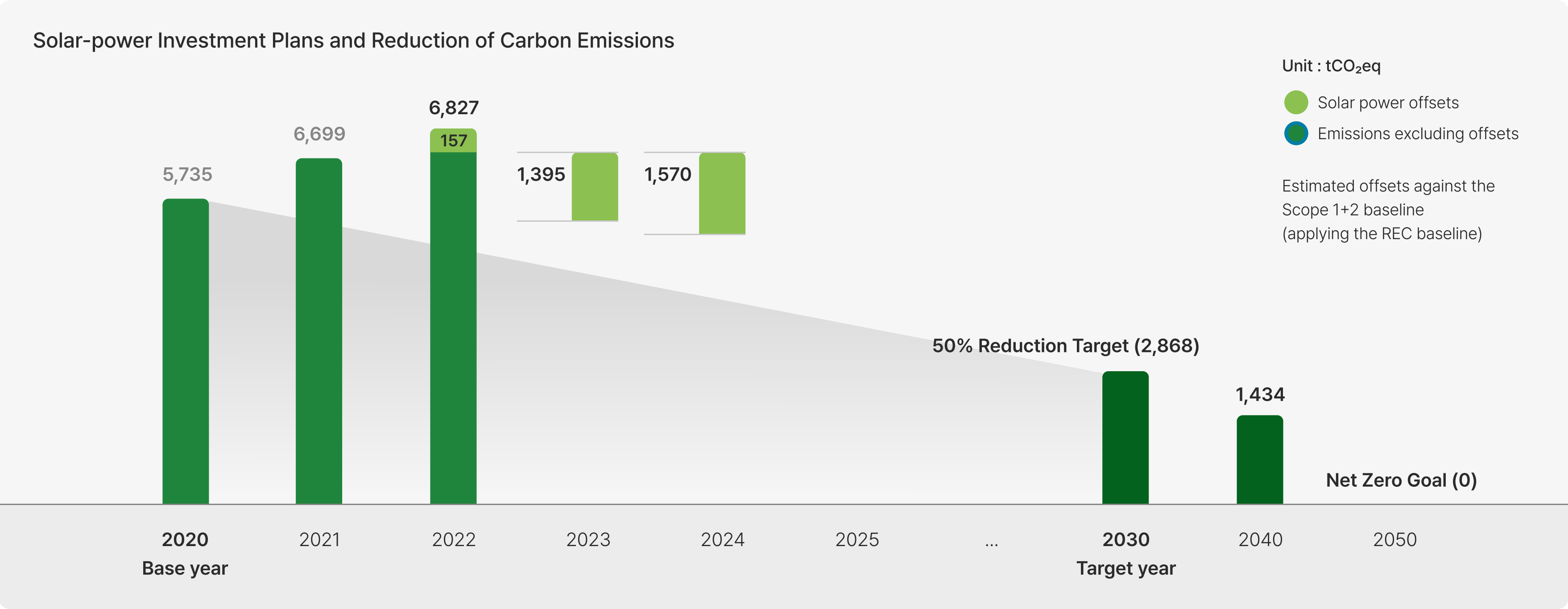




# Metrics and Reduction Targets

## Phase 1

We aim to join the national effort to fight the climate crisis and reduce carbon emissions in half by 2030 to achieve carbon neutrality by 2050. To this end, Coway has decided to invest in renewable energy such as building solar power plants and transition to low-carbon energy as a climate adaptation scenario-based promotion strategy. We will continue to invest in solar installations and expand our power plant operations, which will help us meet our 2030 and 2050 carbon emission reduction targets.



## Phase 2

We have anticipated climate change adaptation scenarios related to our products and decided to develop new and alternative technologies as a promotion strategy based on climate adaptation scenarios and expand their application. Specifically, by 2025, we will expand the application of refrigerant-free refrigeration technology for our domestically supplied products, confirm the replacement of existing refrigerants with eco-friendly refrigerants as a strategy based on climate adaptation scenarios, and invest in new and alternative technologies to achieve our greenhouse gas emission reduction targets.

Additionally, we plan to predict climate adaptation scenarios related to areas connected to Coway's business (supply chain/affiliates, logistics, service managers, and leased buildings) and apply detailed implementation strategies.

Recently, the government announced a “plan to expand the use of eco-friendly vehicles” as part of its strategy to achieve the 2050 NDC target. The “Act on the Promotion of the Development and Distribution of Environment-Friendly Automobiles” was enacted to require private sector companies with a large number of vehicles to set a target for the purchase of green vehicles each year when purchasing or leasing new vehicles, and to verify that the target is being met through performance checks.

As Coway falls under Enforcement Decree No. 5 of the Act (Disclosure Group), Coway is establishing purchase/lease targets for mid- to long-term eco-friendly vehicle conversion for business vehicles. We will report our annual performance on this through our management organization, the Korea Energy Agency.

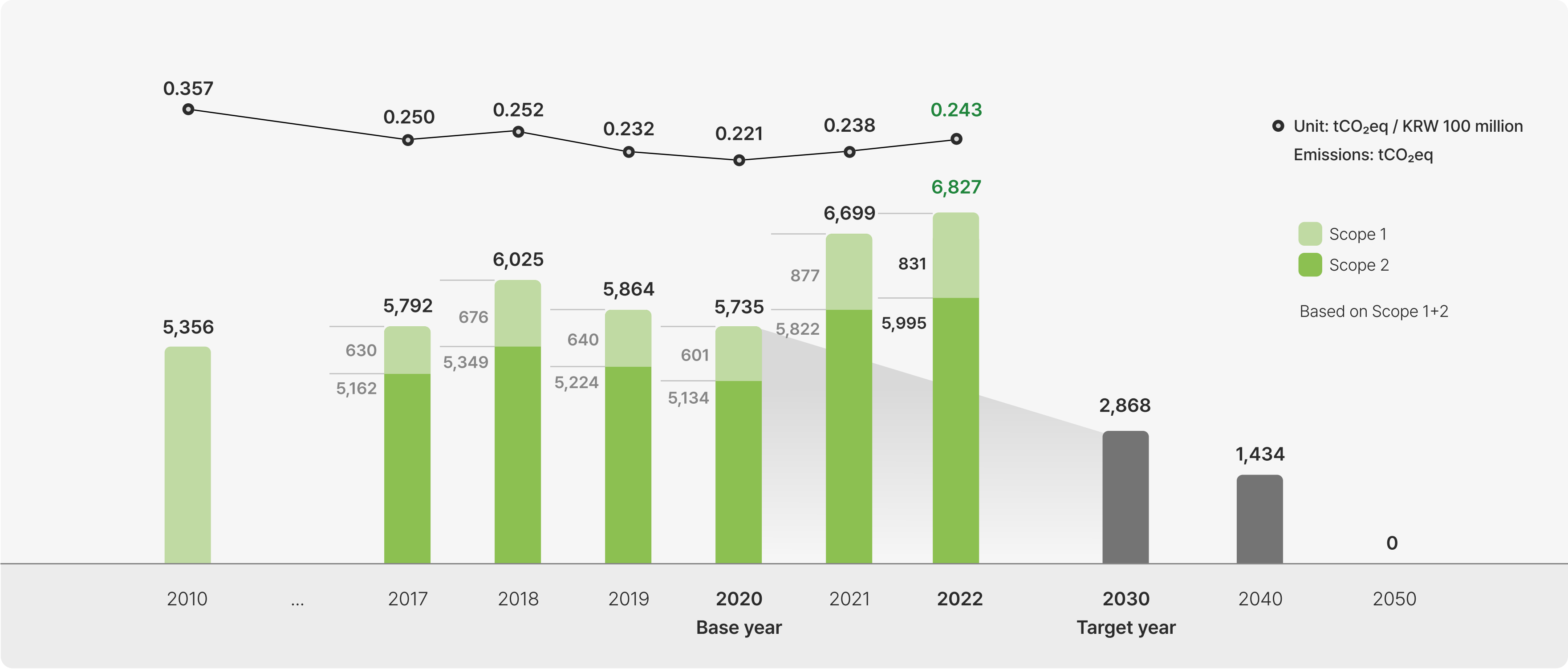
Coway will therefore progressively disseminate climate adaptation scenarios and implementation strategies that minimize the impact of climate change adaptation across its relevant business areas and take the lead in climate change adaptation on a global scale.

# Carbon Reduction Target

The financial and non-financial risks posed by climate change adaptation are driving major changes in industrial activities worldwide and demand a transition to a carbon neutrality global community. In line with these changes, Coway has established mid-to-long-term goals to reduce carbon emissions and actively participate in addressing climate change adaptation. We also voluntarily undergo a third-party verification of our carbon emissions every year.

Coway recognized the impact of climate change adaptation on business activities and developed a carbon emissions inventory management system in 2009. A year later, we set the carbon emissions reduction target to be achieved by 2020 and met the target. Based on the IPCC special report on the impacts of global warming of 1.5 °C above pre-industrial levels published in 2018, we have set our new mid- and long-term targets for carbon emissions by 2030, 2040, and 2050 (mid- and long- term). We are also preparing a climate change adaptation plan to achieve carbon neutrality by 2050. We will continue making investments in renewable energy and achieve energy efficiency in the workplace to reduce carbon emissions across all Coway factories.

Coway has quantified and disclosed detailed mid- and long-term carbon emissions reduction targets. The mid-term target is a 50% reduction in carbon emissions by 2030 based on carbon emissions in 2020, followed by a 75% reduction by 2040, and a 100% reduction by 2050.



## Management of Carbon Emissions

Coway is committed to fulfilling its goals for reducing carbon emissions and energy consumption in each factory. Above all, we are replacing part of the energy we use in the factories with solar energy and building a renewable energy network, joining efforts to reduce carbon emissions at the national level. We have been operating solar power plants that utilize the facilities available in manufacturing plants, logistics centers, and other relevant bodies to offset carbon emissions. We will continue working hard to achieve carbon neutrality by participating in third-party Power Purchase Agreements (PPAs) and achieving carbon neutrality throughout the supply chain, among others.

Carbon Emissions and Annual Targets (based on Scope 1+2)

Category	Unit	2017	2018	2019	2020	2021	2022 target	2022 performance	2023 target	2030 target	2050 target
Scope1	tCO <sub>2</sub> eq	630	676	640	601	877	-	831	-	-	-
Scope2	tCO <sub>2</sub> eq	5,162	5,349	5,224	5,134	5,822	-	5,995	-	-	-
Total	tCO <sub>2</sub> eq	5,792	6,025	5,864	5,735	6,699	6,221	6,887 <sup>1)</sup>	5,860 <sup>2)</sup>	2,868	0
Unit	tCO <sub>2</sub> eq/KRW 100 million	0.250	0.252	0.232	0.221	0.238	-	0.245	-	-	0

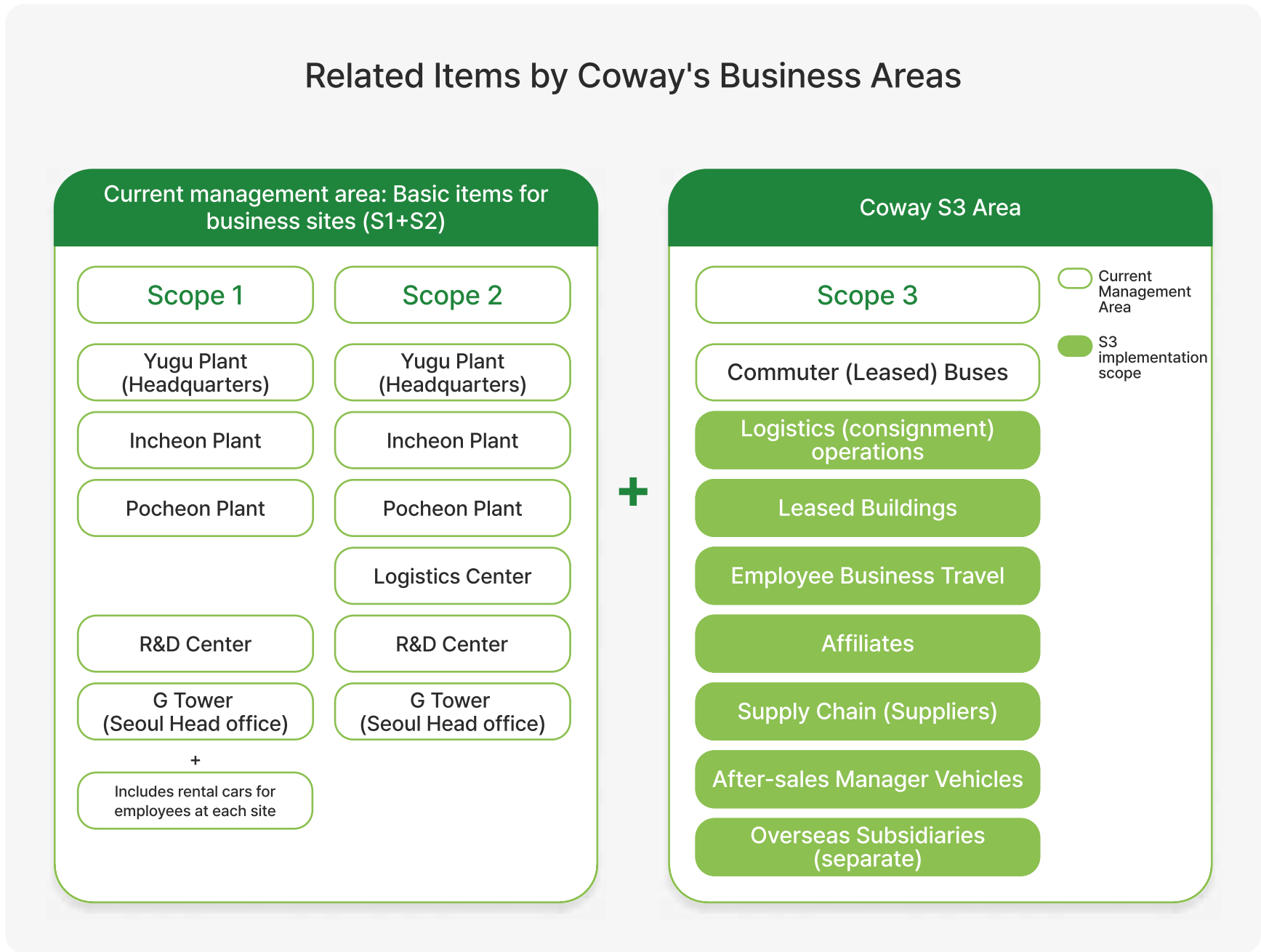
1. Increased energy use due to business growth (increased sales and production) and facility investment (expansion)  
2. Offset by energy reduction activities and REC acquisition



Year	Scope	SCOPE 1			SCOPE 2	Total emissions
		Stationary Combustion	Mobile Combustion	Other Greenhouse Gases	Indirect Emissions	
2022	Total	649	177	5	5,995	6,827
2022	Seoul Head Office	247	118	0	395	761
2022	Environmental Technology Institute	0	23	0	1,707	1,730
2022	Logistics Center (Yugu)	0	0	0	711	711
2022	Solar power plant	0	0	0	1	1
2022	Yugu Factory	385	34	5	2,059	2,484
2022	Incheon Factory	9	0	0	877	886
2022	Pocheon Factory	9	2	0	245	255

\* The values of the Scope1 and 2 are rounded to the nearest decimal, and the total emissions are based on integers certified by a verification organization (KMR).

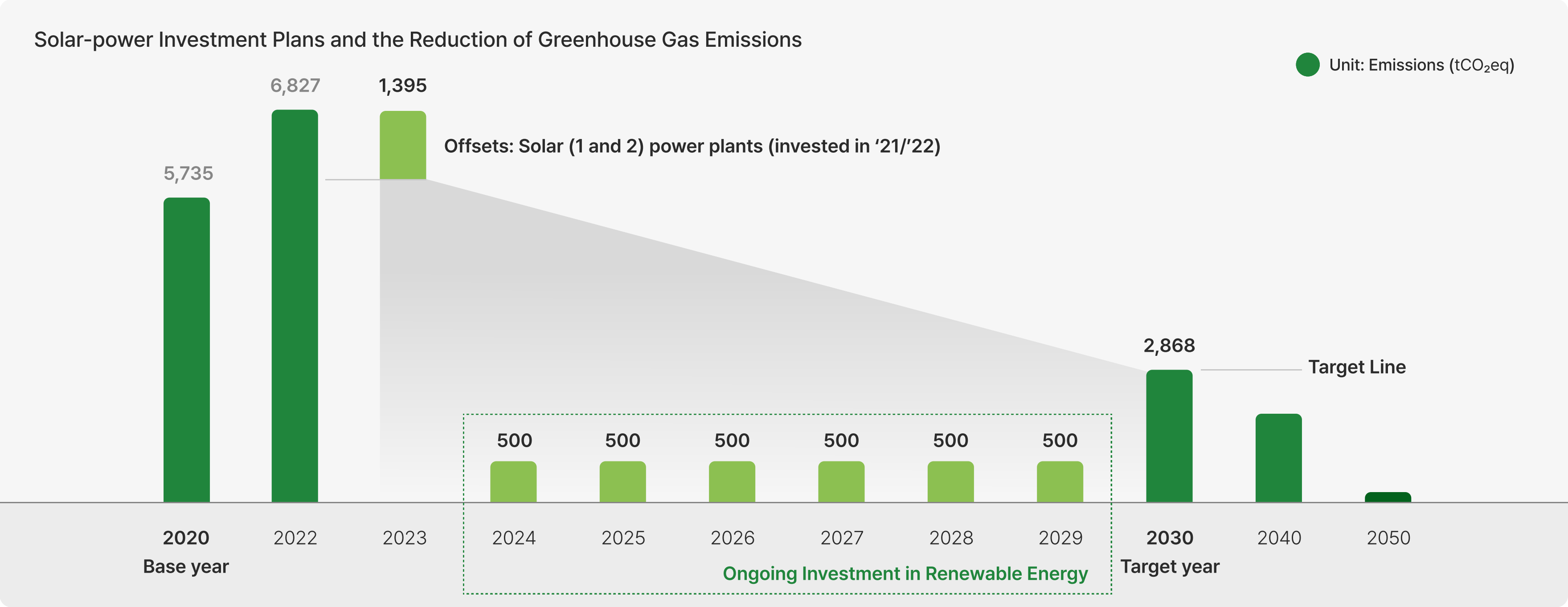
Coway currently measures and discloses carbon emissions in the Scope 3 area of employee commuter buses. However, as the global trend of disclosing information in all Scope 3 areas continues, Coway is gradually unfurling a response plan. By 2025, we plan to establish a system to monitor and manage carbon emissions in all Scope 3 areas (leased buildings, outsourced logistics operations, employee travel, affiliates (subsidiaries), and suppliers).



# Climate Change Adaptation Activities

## Renewable Energy Investment Plan

The most important strategy for achieving Coway's mid- to long-term carbon emission reduction goals is the transition towards and investments in renewable energy (solar power). Coway relies on electricity for most of its energy sources and plans to offset our carbon emissions by building a renewable energy (solar) power generation facility to cover the increase in energy usage due to continued business growth.



Coway has been investing in the construction of solar power plants since 2020 to transition to renewable energy, with the goal of reducing carbon emissions by 50% by 2030 and reaching zero by 2050. Solar power plant No. 001 began generating electricity in September 2022, and solar power plant No. 002 began generating electricity at the end of March 2023. In addition, more solar power facilities are needed to meet the goal of reducing carbon emissions by 50% by 2030. The investment plan is to sequentially build solar power generation facilities that are approximately 800~1000kwh in scale by 2030. However, the construction of additional solar power plants may change from time to time due to the need to secure investment conditions such as available funding, buildable land, and permits/ approvals. But we will make every effort to achieve the goal of reducing carbon emissions by 50% by 2030 by proactively securing funding and land.

## Transition to renewable energy

Coway has been continuously introducing new and renewable energy, starting with the construction of a solar power plant facility at the Pocheon Plant in 2013. As of 2022, Coway produces and operates renewable energy through solar power generation facilities at the Yugu Plant (58 MWh), Incheon Plant (50 MWh), Pocheon Plant (45 MWh), and distribution center (65 MWh). In addition, Coway secured 228 MWh (342 REC) of electricity generation through a separate solar power plant, Solar Power Plant No. 001. The three factories and distribution centers (excluding solar power plant No. 001) generated and consumed about 218 MWh of electricity in 2022, reducing greenhouse gas emissions by about 100 tons. The Energy Storage System (ESS) introduced at the Yugu Plant has reduced peak loads and contributed to the distribution of energy usage.

Renewable Energy Production Volume			Unit : MWh
Category	Unit		2022
Yugu Plant	Total production 446	Self- Consumption 218	58
Incheon Plant			50
Pocheon Plant			45
Logistics Center (Yugu)			65
Solar Power Plant No. 001			REC secured 228 (342 REC when applying a weight of 1.5)

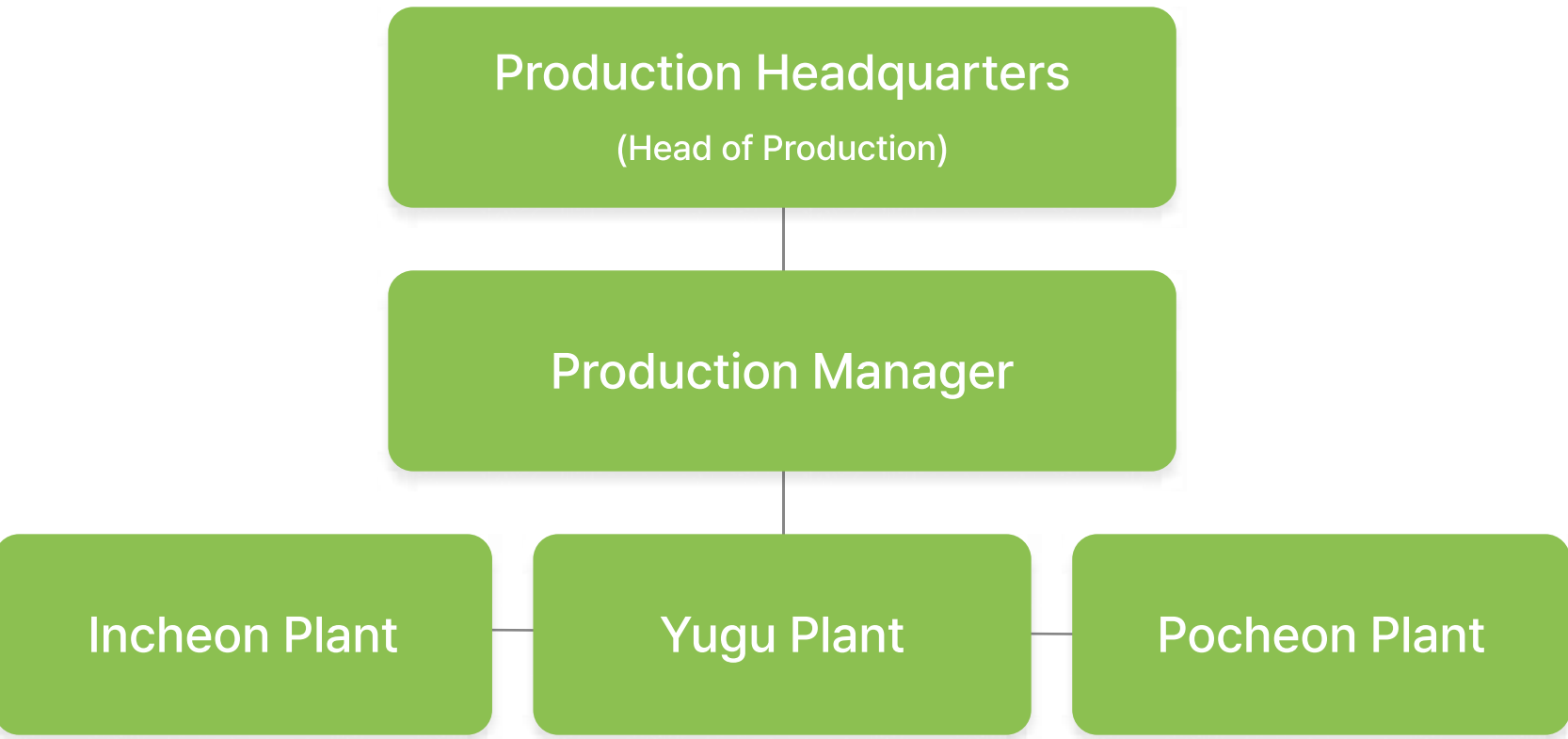


# Water Resource Management

Coway uses relatively little water resources in the production process, as final assembly and inspection comprises the largest proportion of the production process. While our business activities are closely related to water, we use less water, and we use it mostly for leak testing in the production process. We will continue to strive to reduce the environmental impact of water usage by carefully monitoring the amount of water used by type.

## Governance

At Coway, the Head of Production/Production Management Executive who conducts production operations for each site, including Yugu, Incheon, and Pocheon, is in charge of managing all water resources used in production operations.



In addition, Coway goes through the ESG Consultative Group reporting process for environmental improvement/eco-friendly strategies related to water resources, and decision-making is carried out through the ESG Committee agenda.

However, Coway does not have water-intensive production operations, so reporting on water usage investment plans is done on an accrual basis.



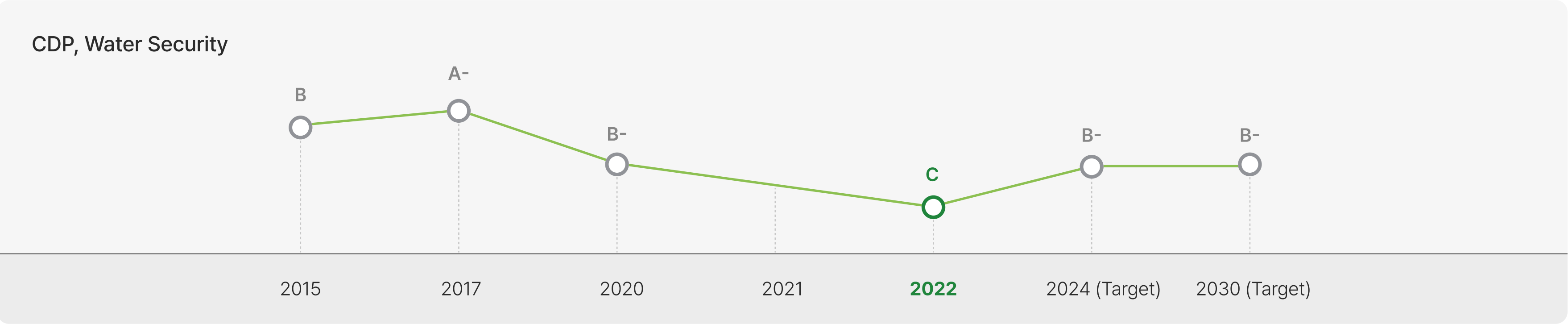
# Water Use and Risk Management

Coway annually monitors the amount of water used in its production operations and business sites. Coway's water discharge classification is mostly sewage, and most of the water is discharged through existing sewage lines.

Coway is continuously striving to minimize environmental impact risks in the process of using and discharging water resources.

Coway has been participating in CDP Water Security, a water disclosure project, since 2015. In the 2022 assessment, we achieved a C grade, down one notch from the previous year.

We expect to maintain our current rating as our participation in the CDP assessment is increasingly centered on companies with high water use. However, given its symbolism as a water-related company, Coway will continue to participate in the CDP assessment. In addition, to meet stakeholders' increasing demands for water stewardship, Coway has set a goal of achieving a B- rating by 2024 and plans to develop strategies and actions to improve its rating to 2020 levels.



Resource

Resource Circulation Goals

Coway has been striving to increase recycling, achieve zero waste, and minimize production costs through quantitative waste management. In particular, for waste generated in our business sites and service areas, we are making efforts to reduce waste to zero through the sale of used goods and treatment of solid refuse fuel (SRF), and we are contributing to the reduction of resource use by developing products using secondary raw materials made through resource circulation.

Through these activities, we plan to improve resource efficiency and work toward zero waste, with the goal of achieving a rate of 100% of waste recycling and a rate of 100% of reusing waste generated at our plants by 2030.

Waste Recycling Rate Goals



Establish and operate a circular economy system by 2023



Waste recycling rate by 2030

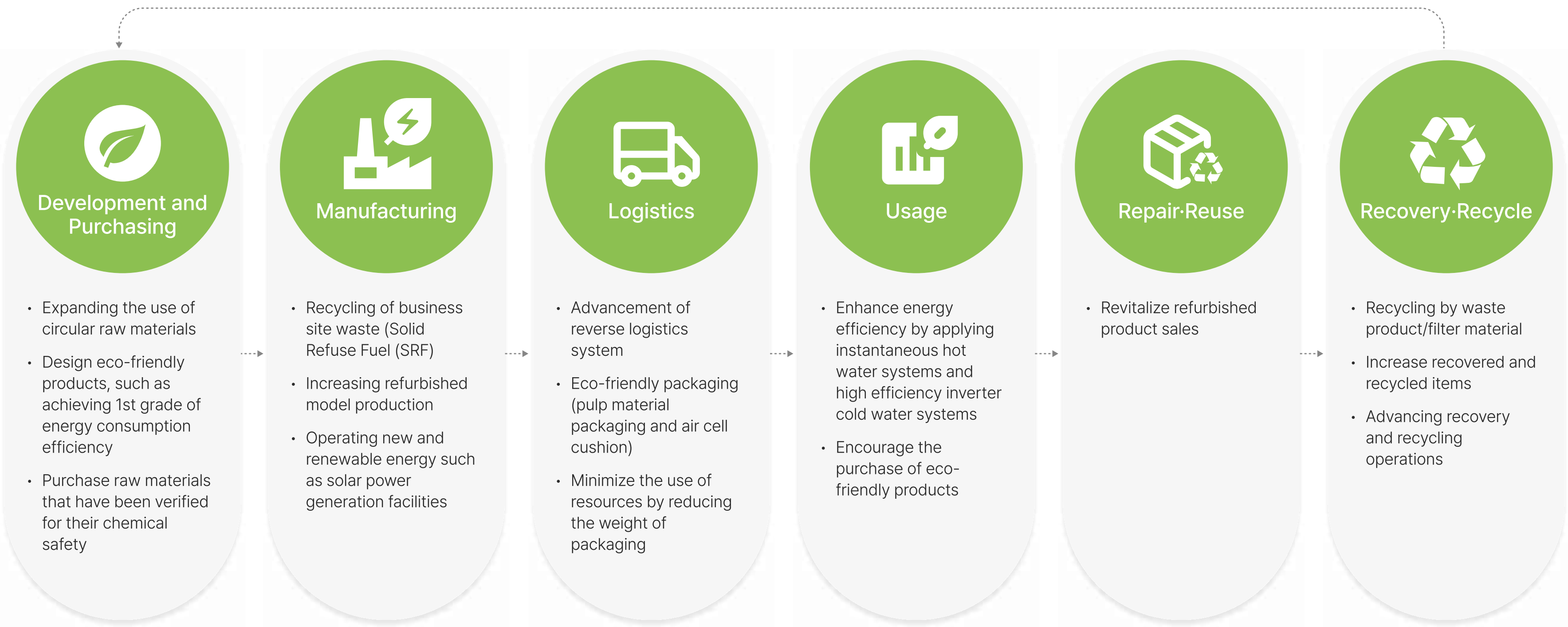


Business site waste recycling rate by 2030

Resource Cycle

Coway takes the environment seriously throughout the entire product life cycle, from development and purchase to collection to recycling, in an effort to move toward a more resource-efficient and circular economy. We will step up our efforts to go green and minimize the inevitable environmental impacts of business activities with our top-notch technological process.

Resource Circulation Process





Resource Reduction Efforts

Coway monitors the recycling rate per product to determine if it reaches 75 percent or more when developing a new product. In cases where the recycling rate is estimated to be below 75 percent, we will replace the materials to renewable materials or carefully seek ways to increase the rate of recycling per product.

In 2022, Coway applied recycled raw materials (recycled PCR resin) to its bidet product lineup at a rate of 5% of the product's plastic weight, and in 2023, Coway is expanding the use of recycled raw materials (recycled PCR resin) to make up 10% of the product's plastic weight for five bidet models. In 2023, the water purifier product line was newly included as a product line subject to circular utilization evaluation based on Article 19 of the Resource Circulation Basic Act. To that extent, Coway is planning to pilot the application of circular raw materials (recycled PCR resin) in the water purifier product line.

In addition, Coway continuously explores eco-friendly design and packaging methods to innovate product design and save resources. For example, we design the exterior of our products with eco-friendly paper instead of plastic, and we design packaging so that the packaging and packaging materials can be upcycled. In this way, Coway will continue to strive to reduce resources (by increasing recycling rates, expanding the use of recycled raw materials, and applying eco-friendly designs and packaging).

Model with recycled/recyclable materials (bidet)					Unit (g, per unit)
Model	BA20-D	BAS25-A	BAS29-C	BASH30-A	BAS31-A
Applicable Parts	3 Types	5 Types	4 Types	4 Types	6 Types
Total Weight of Injection	2,961	3,026	3,151	3,383	3,174
Weight of the recycled materials	304	314	323	362	329
Recycled Resin Application Rate per Part	10.26%	10.38%	10.24%	10.70%	10.38%

Case

Green Design Example

The “Eco-friendly Paper Water Purifier” was recognized for its innovation in that the exterior of the product is made of eco-friendly paper instead of plastic. In addition, the product's eco-friendliness was enhanced by making all packaging materials and packaging accessories upcyclable. Coway's eco-friendly paper water purifier is economical as it does not use electricity, and its ultra-compact size makes it easy to install in small spaces such as in single-person households and studios.

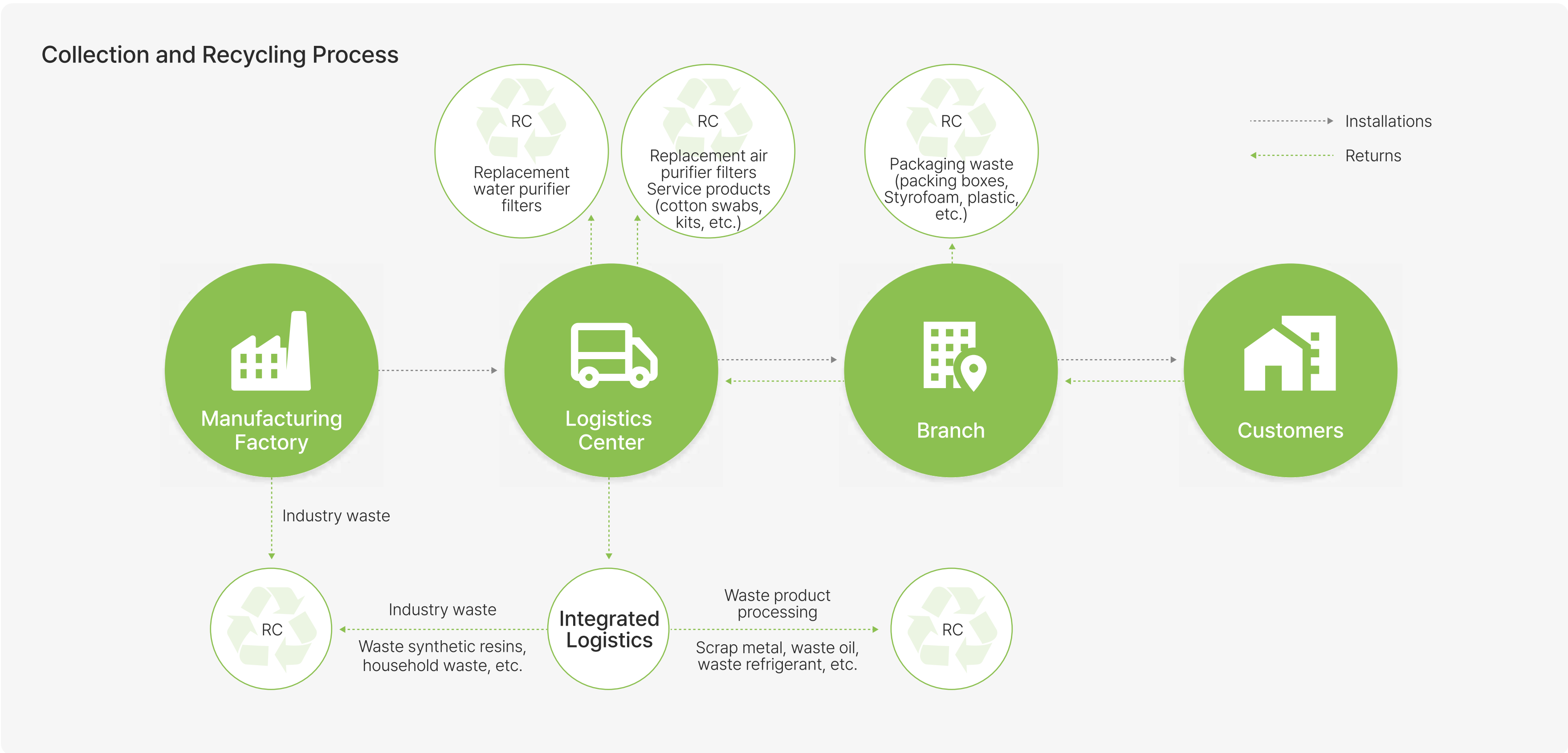


Product Life Cycle Management

Collection and Recycling

The products in the final stage of the life cycle are collected for the efficient recycling process. The collected items are vast, ranging from product packaging materials to consumables, bulk waste, and disused products. We pick up disused products for free through our own take-back process and divide them into industrial waste and disused products to transform them into solid recovered fuels (SRFs) or recyclables. In 2022, Coway improved the recycling rate and reduced costs (waste disposal charges, disposal costs, etc.) by improving waste treatment methods for waste generated at some of its plants.

Coway contributes to the circular economy and meets its environmental responsibilities by recycling waste products and services, consumables and packaging materials, and waste from company sites in accordance to its own recovery and recycling processes. In particular, due to recent increases in the sales of self-managed products, Coway is recovering and recycling waste filters generated in this process.



## Filter Collection and Recycling of Self-managed Water Filtration

As the number of customers using self-managed products increases, we are expanding our filter collection service in various ways.

At the end of 2021, Coway implemented a “home delivery collection service” for used water filters for customers who use self-care products, and at the end of 2022, Coway encouraged customers to participate in collection and recycling activities by providing information on the “separate disposal of recyclable plastics” if they do not want home delivery.

During the first year of service, nearly 260,000 sets of self-care filters were collected. The collected filters are separated, pulverized, and repurposed into new products such as toolboxes and car bumpers.

From 2022, replacement water filters will be included in the Extended Producer Responsibility (EPR) and will be required to comply with recycling obligations. Coway has been building and operating a circular economy system in line with national policies and will continue to expand its operating model to contribute towards improving recovery and recycling rates.

\* EPR: Extended Producer Responsibility System

Year	December, 2021	2022	2023 (Prediction)
Number of products recovered	1,533 sets (3,066)	257,683 sets (515,366)	202,612 sets (405,224)

## Refrigerant Collection and Recycling

We continue reducing the use of refrigerants in order to minimize environmental pollution. We also collect refrigerant (R-134a) that was used for some old products to have them treated safely by the relevant service providers designated by the Ministry of Environment.

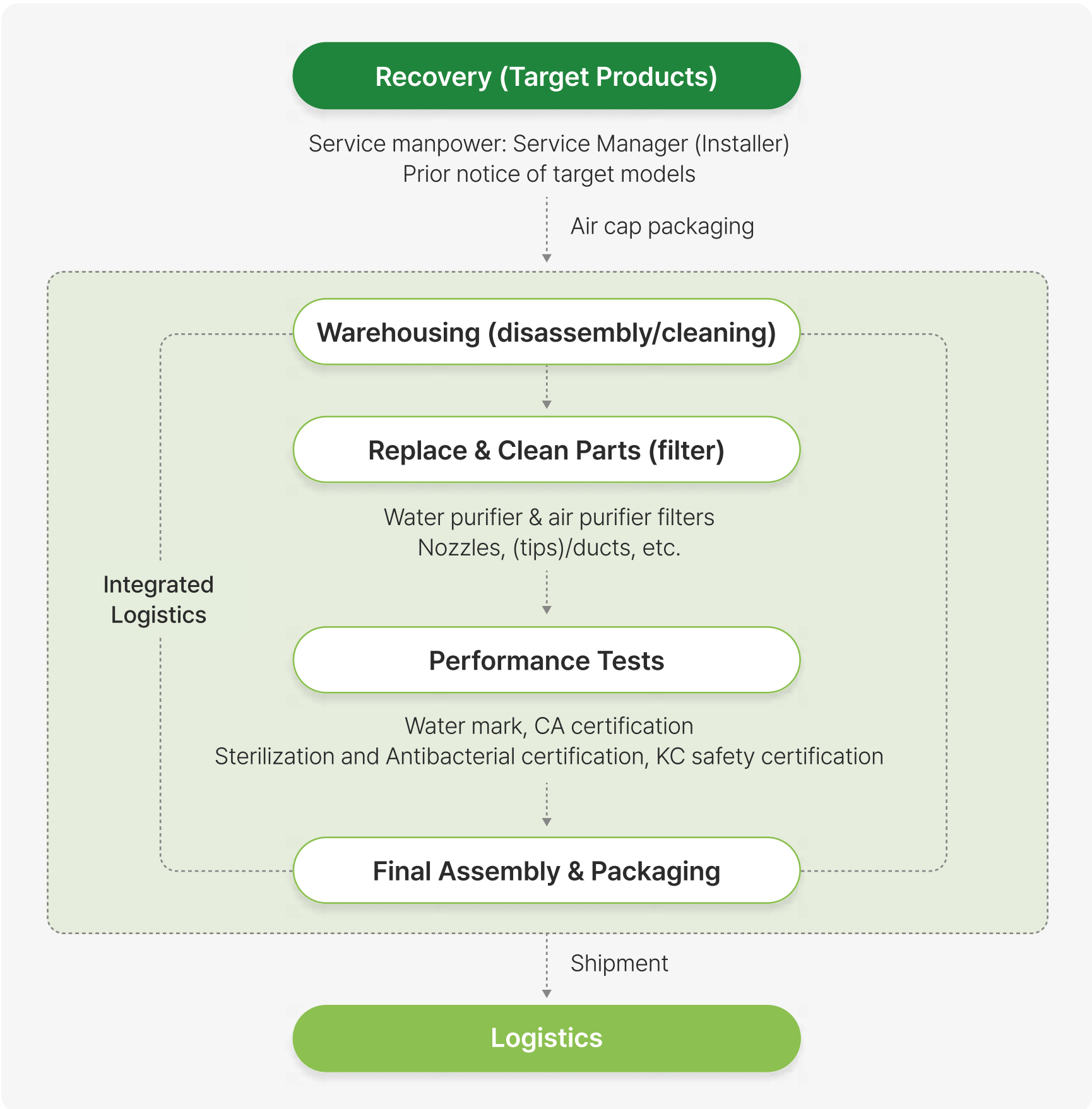
## Refurbishment Program

Refurbishment refers to the process of processing products that have been returned because consumers change their minds about them or products that were on display in stores and reselling them at reasonable prices. The refurbished products are as good as new as we replace parts with new ones when necessary and conduct rigorous quality testing, which reduces waste treatment and consequently reduces environmental impact.

In 2007, we became the first home appliances rental service provider to introduce the refurbishment program. Since then, we have been reducing disused rental products internally and creating value through a supply of cost-competitive products and practicing contributing to the circular economy, externally.

**Performance in 2022: 5,374 units (water purifiers, purifiers, bidets, mattresses)**

**Target for 2023: 2,000 units (forecasted volume based on discontinuation of existing operating models and the launch of new refurbished products in the second half of the year)**



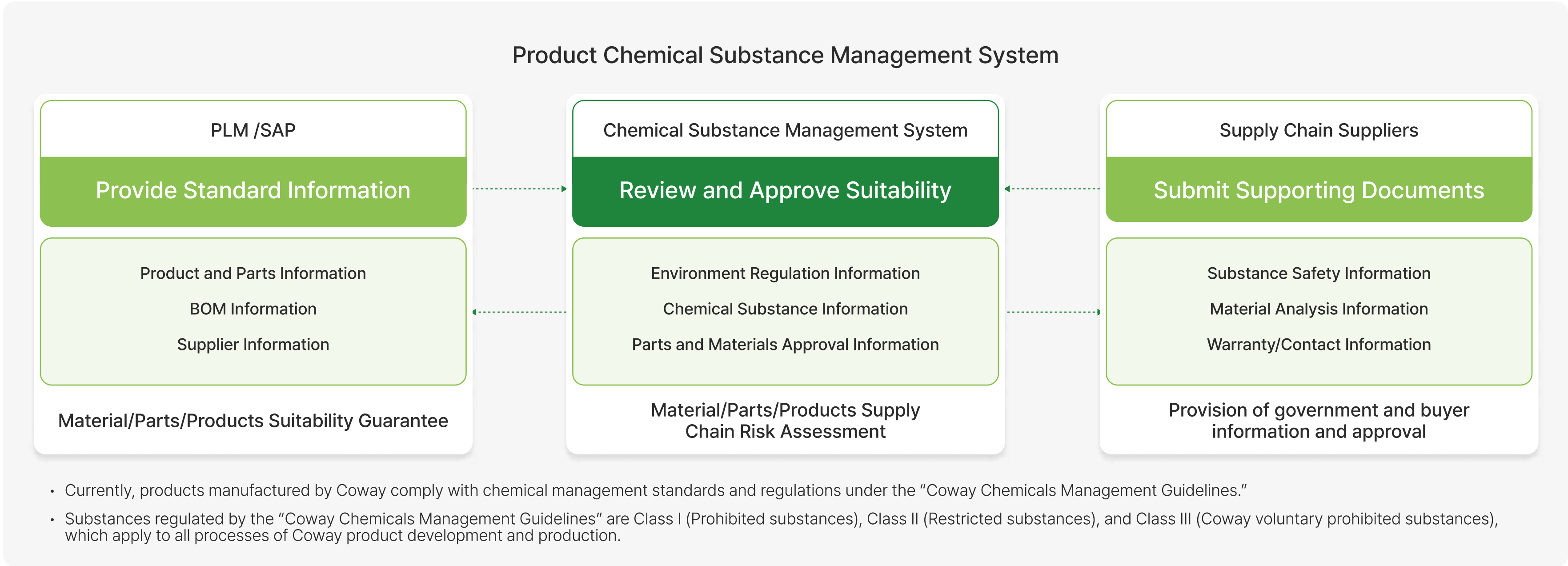


# Hazardous Materials Management

## Chemical Management System

By establishing a systematic chemical management system based on the environmental management system, we manage chemicals by product, part, and material and build a database to systematically and effectively manage regulatory responses to prevent related risks.

We aim to achieve zero chemical risk by establishing a global chemical regulatory monitoring system and IT thereof, establishing a chemical management system and IT thereof for the development process, and establishing a chemical management system for mass-produced products, and by continuously improving and enhancing management. We are responding to environmental and chemical regulations such as EU RoHS II, REACH, and biocidal substances, and are promoting responses based on a proactive regulatory response system so that we can preemptively respond to new/changing regulations. In 2022, we strengthened our proactive regulatory response system by establishing a regulatory monitoring IT system. Coway will continue to secure safety for all household appliances, not just environmental appliances, by strictly complying with domestic and international chemical laws and regulations.



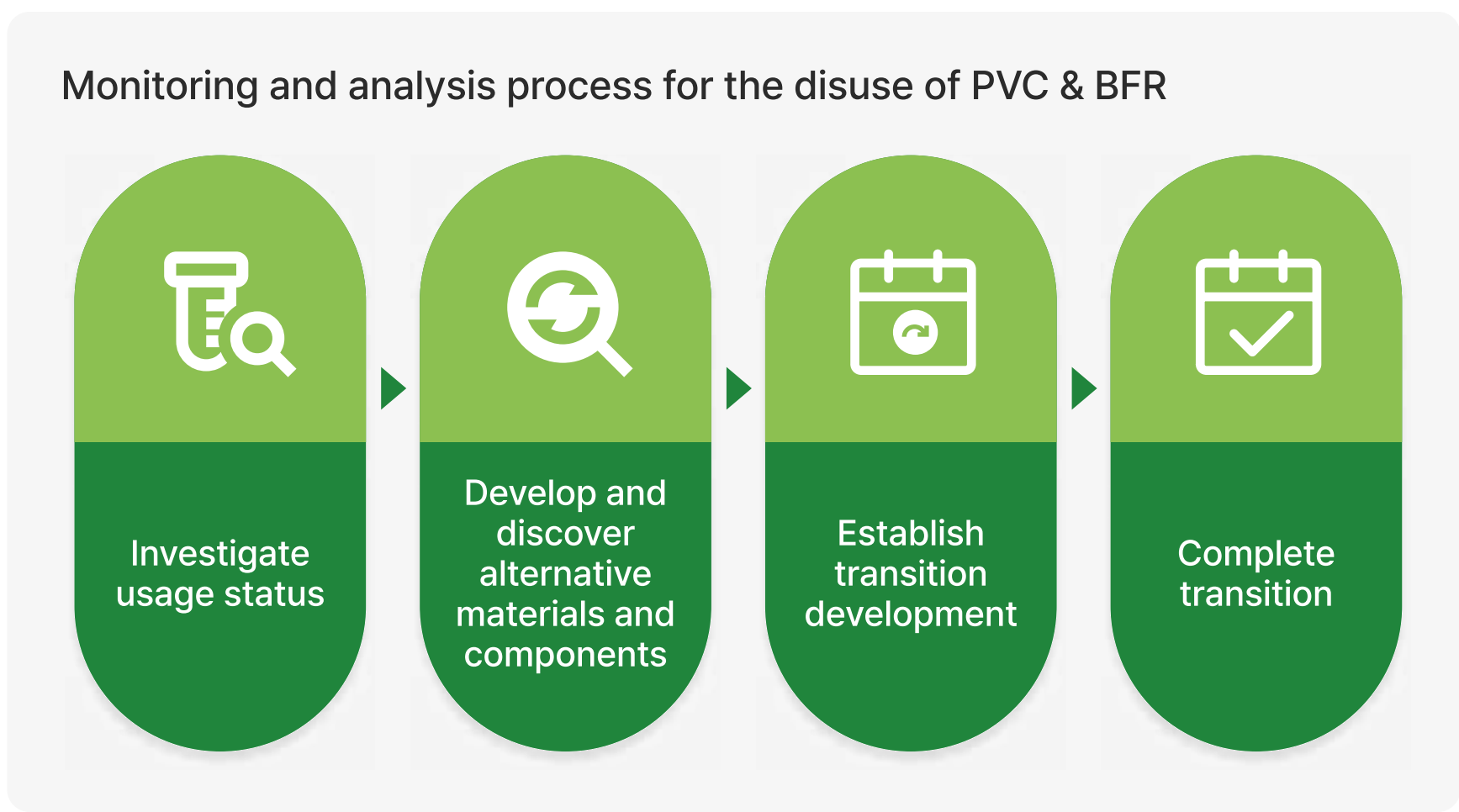
In addition, Coway has considered the management of conflict minerals in its supply chain when establishing the existing Chemical Substance Management System and has prepared for effective regulatory responses through processes such as registering conflict minerals and responsible minerals, creating a database, and approving them. Coway plans to allow access to the conflict minerals management process within the Chemical Substance Management System from 2023, and to continuously operate and upgrade the conflict minerals management process.

### Efforts for Zero-chemical Risks

Year	Management plan
2018	<ul style="list-style-type: none"><li>• In accordance with the strengthening of laws and regulations by country and the expansion of the scope of management, the scope of laws and regulations has been expanded from electrical and electronic products to include food and hygiene safety.</li></ul>
2019	<ul style="list-style-type: none"><li>• Strengthen the ability to respond to pre-regulations by establishing a system for monitoring the pre-regulation of chemical substances</li><li>• Proactive response and verification of RoHS II regulation for all products and parts</li></ul>
2020	<ul style="list-style-type: none"><li>• Segmentation of the chemical substance management system and improvement and tightening of the integrated management system</li><li>• Establishment of a domestic biocide management system and verification</li></ul>
2021	<ul style="list-style-type: none"><li>• Digital management system for mattress chemicals and extension of management standards for tougher control</li><li>• Upgrading of a monitoring system for the control of harmful and chemical substances and assurance capacity building</li><li>• Establishment and assurance of a European biocide management system</li></ul>
2022	<ul style="list-style-type: none"><li>• Strengthening a company-wide regulatory response by implementing IT for the pre-regulatory monitoring of chemical substances</li><li>• Secure management efficiency and regulatory response systematization by establishing a chemical management system and system conversion</li></ul>

# PVC & BFR FREE

Coway is drawing up plans to voluntarily reduce the use of potentially hazardous substances, such as polyvinyl chloride (PVC) and brominated flame retardants. PVC generates toxic substances and environmental hormones in the process of product use and disposal and has detrimental effects on humans and the natural environment. BFR is known to potentially cause cancer or genetic modification when it enters the human body. Coway plans to make all of its air-purifier products free from PVC and BFR and minimize the use of potentially harmful substances through consistent monitoring and analysis.



# Voluntary Implementation of the Safety Management Agreement

Despite concerns about biocidal products that were called for after the humidifier sterilizer scandal, the COVID-19 pandemic has created an environment where safety management for household chemicals and various biocidal products is even more critical as household chemicals are used for a variety of sanitation and disinfection purposes around the world.

The Ministry of Environment, enterprises and consumer groups have signed and implemented the Voluntary Agreement for the Safety Management of Household Chemicals to restore public confidence in household chemicals and is committed to providing safe products. Coway joined the Voluntary Agreement in 2019 and is committed to manufacturing and selling safer products by disclosing all ingredients of daily chemical products, assessing the safety of each raw material, and substituting less hazardous raw materials. Under the third voluntary agreement, which has been running since 2022, Coway aims to spread a culture of voluntary product safety management and corporate social responsibility. This is done not only by assessing the safety of raw materials contained in products and taking measures to reduce hazardous raw materials, but also by establishing management principles for the product safety management of chemicals and cooperation among companies in product safety management.

## Case

### Air purifier filters selected as “Outstanding Products for Chemical Reduction”

The Excellent Products for Reducing Chemicals project, which is being piloted by companies, the government, and civil society through a business agreement, is a project that selects and promotes products that meet the screening guidelines by voluntarily reducing hazardous substances beyond legal regulations or replacing them with less hazardous substances through an agreement with civil society organizations (the National Consultative Group of Green Consumers, the Korea Green Purchasing Network, and the Korea Institute of Labor, Environment, and Health). In the pilot project, three of Coway's air purifier filters were selected as "Excellent Products for Reducing Chemicals," making Coway's the only air purifier filters in the industry to be recognized in 2021 and 2022. The selected air purifier filters reflect the company's efforts towards considering consumer safety and the environment by minimizing the content of adhesive raw materials and replacing them with less harmful raw materials.

As a company responsible for the environment and the safety and health of consumers, Coway will always do its best to develop safe products.





# Social

## Employees

### Employee Empowerment

Coway is acutely aware of the importance of recruiting talented professionals who will lead continuous innovation and support their capacity-building to empower them for new challenges in business. We support our employees to develop their full potential and we provide diverse programs to sharpen their professional skills, develop creativity, and build self-motivation. We conduct performance evaluations in a transparent and fair manner. Coway is growing into a sustainable company with a robust and family-friendly corporate culture to ensure work and life balance.

### Employee Training System

Coway operates a systematic training system. Our training program in 2022 included sessions for leadership, job training, onboarding, legal training, and common competencies, and also supported language learning to cultivate global talents.



#### Leadership Training

We provide leadership training to develop leaders who understand the business directions of the company and deliver organizational performance. To develop leaders who live up to Coway's objective of fostering "top-notch talent," we host the "Top Leadership Course," a special conference with speakers on topics that can help leaders improve their acumen. This course has been held six times in 2022 under the theme of "Future Class".

We also held performance assessments and three sessions of mindset management courses to improve the skills of team leaders, and provided timely internal and external training for new leaders.

We also provide training for those who are promoted to ensure that they have the necessary competencies for promotion and monitor their personal growth.

#### Courses

1. Top Leadership Course (for enhancing executive/team leader insights)
2. Team Leader Competency Improvement Course
3. New Leader Course
4. Promote Course



#### Job and Onboarding Training

Coway operates language learning courses for employees to foster global talents and improve global work capabilities. We also provide language support to prospective expatriates to help them improve their language skills in advance.

We have expanded our internal job-specific training courses, including courses on intensive planning, data analysis courses, project management, IT project management, and PMP qualification. We have also established a learning environment where trainees can participate in external training and e-learning at any time. We measure satisfaction and completion rates after each training, and support and manage post-training certification and staffing.

In the case of the PMP certification course, 20 out of 36 participants passed the PMP certification exam after completing the course. This enhancement of project management (PM) capabilities led to the development of quality products and services, resulting in a customer satisfaction (NPS) score of 89.7, up 6.9 points from the previous year (82.8).

#### Courses

1. Coway Language Course (online foreign language courses)
2. In-house Job Specialist Course
  - Intensive Planning Course
  - Data Analysis Specialist Course
  - Project Management Specialist Course (Product Planning Specialist and research and development Basic Course)
  - IT Project Management Specialist Course
  - PMP Qualification Course
3. Introductory course for new recruits
4. Onboarding course for experienced employees



#### Legal Training

We provide legal training to ensure compliance with government laws and regulations and to improve the competency of employees across the company. The legal training consists of courses on workplace sexual harassment prevention, workplace disability awareness, and occupational safety and health. Coway fosters a healthy internal culture through these courses.

#### Courses

1. Coway Basics and Principles Training (including information protection training)
2. Mutual Respect for Human Rights Management
  - Understanding the meaning of human rights management, the importance of mutual respect, and workers' rights
  - Prevention of sexual harassment in the workplace
  - Protection of human rights of persons with disabilities in the workplace
3. Occupational Safety and Health Education (including the workplace harassment prevention course)
4. Retirement Pension Education



#### Common Training

We conducted product (bidet) pre-learning through online learning programs for all employees, and conducted in-house product training at the training center to practice product installation and disassembly.

New product training was held for the Icon Ice and Prime MAX water purifiers.

We also conducted ethical management education in the form of a short video based on actual cases of ethical management violations to create a healthy organizational culture.

Training was provided on fair trade practices, emphasizing transparency in supplier selection, and healthy sales and organizational culture.

#### Courses

1. Training for existing products (occupational safety training and technical training)
2. New product training
3. Ethical management training



# Performance Management and Compensation

### Performance Assessment Process

1

Goal Setting

Beginning of the year

- Setting individual goals
- Finalizing and reviewing goals

2

Interim Inspections

During the year (as needed)

- Midterm review and feedback

3

Evaluations

Year-end

- Self-evaluation and interview
- Operation of the evaluation committee
- Confirming evaluations and feedback

We operate a performance assessment process based on equity and rationality for the purpose of nurturing talented professionals. In the Goal Setting process, we establish goals based on periodic feedback and develop plans in the Interim Inspection. In the Evaluation process, the Evaluation Committee consisting of the heads of each department and the human relations staffers conduct fair evaluations. We will continue upgrading our performance management system based on due process and fair procedures to ensure that employees can focus on achieving their goals.

### Performance Assessment System

Enhanced Competency Assessment

Performance-based

Continual Performance Management

**Top-notch Talent**  
"People who never stop learning and constantly pursue new challenges and growth."

Coway operates a performance assessment system designed to support the development of top-notch talents, who are defined as "people who never stop learning and constantly pursue new challenges and growth" in the "Coway Talent Vision" statement.

First, to strengthen performance-based assessment, employees in junior positions (reps/staff) who had previously been evaluated based only on competencies were also evaluated based on performance, allowing all employees across the organization to focus on performance improvement.

Second, we introduced the competency-based assessment as an absolute assessment to objectively evaluate and diagnose individual competencies and support collaboration among employees. This absolute assessment approach allowed us to evaluate individual competencies rather than relative hierarchy.

Thirdly, we implemented a continuous performance management system. The appraiser and appraisee communicate with each other and provide feedback on work goals and progress at all times, so that the appraisal can not only improve performance but also nurture individual development and growth.

Based on these performance assessment systems, we apply a reasonable and transparent system of performance compensation.

# Corporate Culture

### Family-friendly Policy

Coway has operated diverse programs in an effort to create a family-friendly corporate culture that fosters work-life balance. Coway plans to continue to operate various family-friendly programs, with the belief that employee happiness is the driving force behind corporate growth.

On-Time / Staggered Commute Program	Operating a PC-OFF policy to encourage on-time commuting (8:00-5:00, 9:00-6:00)
Reduced Work Hours During Pregnancy	Implementing a two-hour reduction in workhours for employees in the early and late stages of pregnancy.
Family Care Leave / Leave of Absence	If a family member needs care, an employee can take time off (up to 10 days extended) or a leave of absence (up to 90 days per year) to provide care.
Medical Leave	Half a day off with pay for medical exams

Fertility Treatment Leave	A system that provides leaves (up to 3 days per year) and leaves of absences (up to 1 month per year) for employees who need fertility treatment
Reduced Hours for Family Caregiving	Reduced hours for up to 3 years (1 year + 2 extensions) for employees who have a family member needing care
Elementary School Enrollment Leave	Providing employees with five days off to help their children start elementary school



## Case

### Named the “Best Family-friendly Management” Four Consecutive Times

Coway had been designated a company with “Best Family-friendly Management” by the Ministry of Gender Equality and Family four consecutive times. The “Best Family-friendly Management” designation is given to a business or institution that operates family-friendly programs, such as benefits for childbirth and childrearing, to support employees seeking to achieve work-life balance. Since obtaining its first certification in 2012, Coway has been operating a wide range of employee benefits programs, such as parental leaves for children starting school and paternity leaves, and, as a result, Coway has continued to be re-certified up to 2023. We will do our best to create a family-friendly corporate culture and facilitate work-life balance among our employees. We will operate a wider variety of family-friendly programs in keeping with our conviction that employees' happiness is the driver of corporate growth.



## Employee Benefits Plan

Coway operates various benefits programs to improve the quality of life among our employees. Coway enhances employees' job satisfaction through various welfare programs such as support benefits for vacations, celebrations, and health care.



### Perk points

- KRW 500,000 to 1.2 million (pay differentiated according to job tenure)



### Home mortgage interests

- Coverage of home mortgage interests for first-time home buyers



### General health checkups

- Once a year
- Coverage for the health checkup for one family member every other year (applicable to immediate family members only)



### Support for funeral services / material and manpower support

- Material and manpower support for the funeral services of an employee or family member

\*For domestic employees



### Paid long-term vacations

- 7<sup>th</sup> year : 10 days of leave, KRW 1 million
- 12<sup>th</sup> year : 20 days of leave, KRW 2 million



### Children's tuition

- Support for tuition from kindergarten to college



### Tuition Assistance

- University/graduate school tuition (up to \$700,000 per year)
- 50% of exam fees for certification (up to \$500,000 per year)

# Diversity and Inclusion

## Diversity Policy

Coway stresses diversity and non-discrimination in its ethical regulations, ethical practice guidelines, and human rights policies. We pursue a corporate culture in which no employee shall be discriminated on the basis of sex, nationality, disability, religion, and other factors. We respect individuals' diverse backgrounds and ways of thinking and aim to achieve harmonious development. We take discrimination seriously and apply zero-tolerance policies to prohibit any discriminatory act.

In addition, we ensure gender equality in human resources management. We comply with the laws on equal employment, such as the Labor Standards Act. We consistently select female managers to achieve gender balance and ultimately gender diversity in the workplace.



Regulations of Ethics, Chapter 2 Section 4: Ethics for Executives and Employees >

Code of Ethics, Chapter 8: Criteria for the Prevention of Sexual Harassment on the Job >

Human Rights Policy, Section 1: Non-discrimination >



## Diversity Improvement Activities

To enhance diversity, we became the first private domestic company to create a sports team for people with disabilities (Wheelchair Basketball Team) and we operate a choir (Mulbitsori Choir) in cooperation with the Korea Employment Agency for Persons with Disabilities.



### Coway Blue Wheels Wheelchair Basketball Team

The Coway Blue Wheels Wheelchair Basketball Team is a wheelchair basketball team founded in 2022 to fulfill Coway's corporate social responsibility as part of our ESG management and to support job creation and revitalize sports for people with disabilities. All 13 players, including the manager and coach, are people with disabilities. The Blue Wheels Basketball Team proudly won the 2022 KWBL Wheelchair Basketball League Championship in its inaugural year. Coway actively supports the athletes to empower them to dedicate themselves to sports in a stable environment. We plan to continue to work on discovering and developing athletes to achieve long-term progress in disability sports and wheelchair basketball.



### Coway Mulbitsori Choir

The Coway Mulbitsori Choir was founded in 2022 to support vocational rehabilitation and performance activities by individuals with disabilities through culture and arts. All 10 choir members are visually impaired. The name "Mulbitsori" signifies the sound of clear water, which is the representative symbol of Coway, and the bright lights that illuminate surroundings and merge to create beautiful harmonies. The Coway Mulbitsori Choir plans to support more artists with disabilities to communicate with the world through sound and create uplifting harmonies in a stable environment.



### Signing of the "Agreement for the Promotion of Employment of Persons with Disabilities"

In 2022, Coway signed the "Agreement for the Promotion of Employment of Persons with Disabilities" with the Korea Employment Agency for Persons with Disabilities and declared its ESG management practices through the employment of persons with disabilities. Under the agreement, Coway plans to promote the employment of persons with disabilities by developing suitable jobs and customized recruitment programs, expanding suitable human resources and customized training, expanding support services, strengthening workplace education for persons with disabilities, and reinforcing adaptation support and communication.

## Sound Labor-management Practices

Coway is building labor-management relations for mutual prosperity on the basis of trust through transparent communication. We will comply with the Constitution and all relevant laws to secure employees' rights and improve working conditions and build trust in the labor-management relationship to promote the common interests of both parties.

### Labor Unions

#### Labor Unions

Coway has established various trade unions for each job category and occupation, working together to improve working conditions and environments according to the characteristics of each job category. (Unionization rate: approximately 34.3% out of 6,500 total workers)

Based on mutual understanding and trust, we settled the collective bargaining agreement for service technicians (service managers) in 2022 without a dispute.



#### Labor-Management Council

Coway communicates important decisions and changes related to management through regular meetings with employee representatives, who represent all employees. We transparently disclose all major changes in the company and strive to create a win-win relationship between employees and management by collecting complaints and opinions from employees. In 2022, we held quarterly labor council meetings to discuss a total of 87 topics, including improving the working environment and addressing complaints in each business area.





# Enhancing Professional Expertise Among Partners

## Composition of Partners

Coway communicates with customers directly and supports service partners, who provide products and services to customers, for mutual prosperity. Our partners are responsible for increasing brand awareness and value as the first point of contact with customers. We do our best to provide our partners with the best possible support to ensure that they carry out sales activities with pride and provide seamless services to customers.

Category		Contents
Before Service	CODY (Approximately 11,500)	Providing inspection and hygiene management services for environmental home appliances
	Home-care doctors (Approximately 1,600)	Providing regular mattress hygiene management services to Mattress Care Service members
Sales	Door-to-door salespersons (Approximately 285)	Providing product information and sales activities to customers

## Supporting Partners to Build Expertise

We operate a systematic training program for our partners to provide customers with professional services. The program consists of technical training, which provides professional knowledge on products and services, and service training, which includes technological and door-to-door sales training. The technical training is designed to enable our partners to gain professional knowledge on Coway products and services and service procedures. The service training helps our partners gain a better understanding of their duties and develop a customer-service mindset. In addition, we provide new partners with a mentoring program to help them perform their job stably and sustain a rewarding partnership with us for a long time.

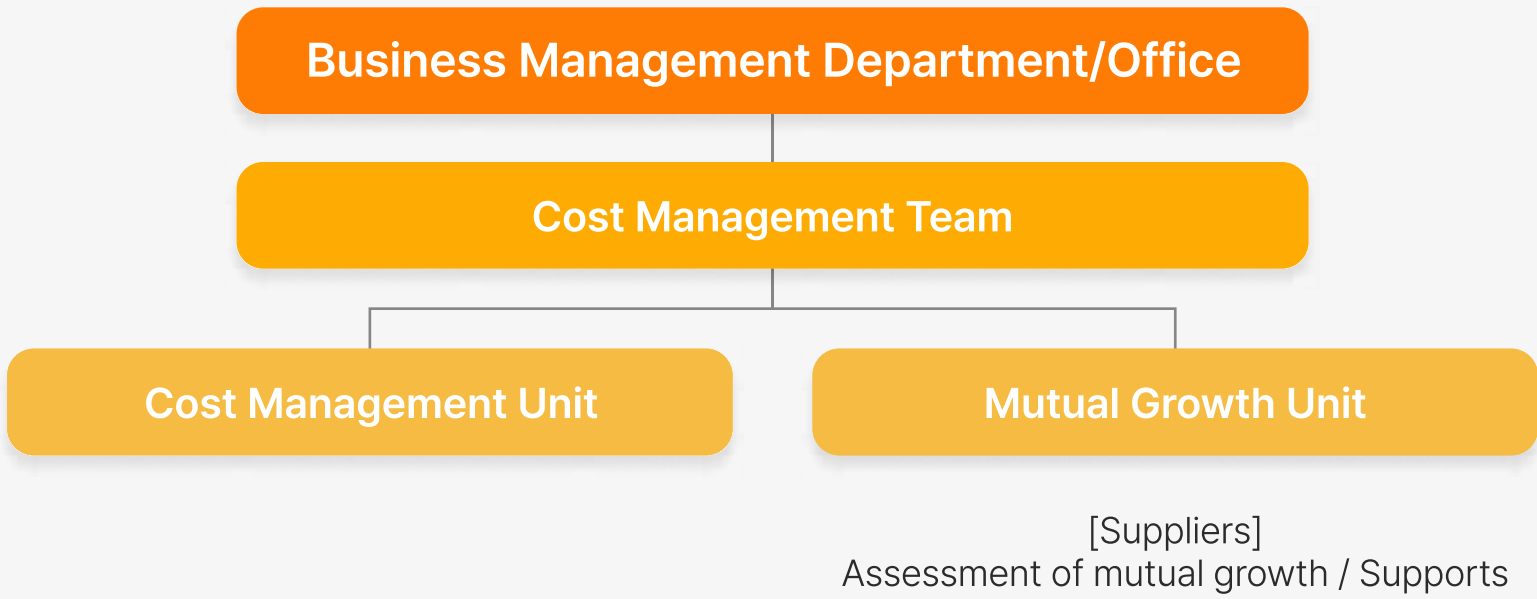
### Partner Training and Support Activities

Target	Common	CODY, CODOC	Home care doctors
Support Programs	<div><b>“Coway Learn-way” Online Learning Program</b></div> <ul style="list-style-type: none"><li>Online training tools for all partners</li><li>Supporting a variety of training programs</li><li>Preparation of customer service courses for partners</li></ul>	<div><b>New CODY Training Program</b></div> <ul style="list-style-type: none"><li>Intensive training with a dedicated 1:1 instructor</li><li>Hands-on programs for key products</li><li>Instructor accompanying programs</li></ul>	<div><b>New Homecare Course</b></div> <ul style="list-style-type: none"><li>3-month course to build foundational skills</li><li>Services and sales Training</li></ul>
	<div><b>Partner ethics training</b></div> <ul style="list-style-type: none"><li>Publication of a monthly ethical management newsletter</li><li>Providing specific, case-based content</li><li>Cultural and institutional improvement activities in the field</li></ul>	<div><b>CODY's Accompanying Program</b></div> <ul style="list-style-type: none"><li>1:1 instructor accompanying program</li><li>Listening to VOCs in the field</li><li>Identifyings product and service improvements</li></ul>	<div><b>Diagnostic service training</b></div> <ul style="list-style-type: none"><li>Homecare Doctor Capacity Building Course</li><li>Real-time issue sharing via open chat</li><li>On-site support with responses from administrators</li></ul>
	<div><b>Organizational Leader Training</b></div> <ul style="list-style-type: none"><li>Training programs for new and existing organizational leaders to help partners deliver better services and sales.</li></ul>	<div><b>Leading Doctor Program</b></div> <ul style="list-style-type: none"><li>A program that shares the know-how of top performing doctors in sales and services</li></ul>	<div><b>Homecare Live Special Course</b></div> <ul style="list-style-type: none"><li>Monthly online live broadcasts for sales and service issues, new products, and digital sales enablement</li></ul> <div><b>Sleep Environment Manager Certification Course</b></div> <ul style="list-style-type: none"><li>Certification course for homecare doctors to enhance their professionalism</li></ul>

# Mutual Growth with Supply Partners

Coway is striving to create a transparent and robust industrial ecosystem based on mutual trust with suppliers. Company-wide activities to promote mutual prosperity are planned and managed by a dedicated organization (Cost Management Team) under the Business Management Division. We pursue mutual prosperity by 1) fostering a fair trade culture; 2) enhancing competitiveness in production and technology; 3) implementing support programs for mutual growth; 4) promoting mutual prosperity between suppliers; and 5) communicating with suppliers.

### Operation of departments dedicated to mutual growth



The Mutual Growth System of Coway

Vision	Sharing a culture of mutual prosperity and valuable communication				
Direction	Achieving “Sustainable Mutual Growth” with Coway				
Core Value	Fairness	Competitiveness	Mutual Growth	Win-win Culture	Communication
Goals	Fostering a fair trade culture	Enhancing production and technology competitiveness	Mutual growth support programs	Driving a win-win culture with suppliers	Communicating effectively with partners
Tasks	Managing four guidelines Managing standard subcontracts	Enhancing the competitive advantages of products Expanding engagement such as joint development	Increasing sales and financial support Technology protection and labor support	Listening to the VOC of suppliers and enacting improvements Driving a win-win culture, including payments	On/offline communication Visiting and communicating with suppliers

Support for Supply Partners

Coway is taking various measures to grow together with suppliers. We offer a wide range of programs designed to consolidate our business foundation and infrastructure and support our primary and secondary suppliers.

The Mutual Growth Programs of Coway

Support Program	Description	Result of Execution
Finance		
Business stability	• Subcontract payment in cash within the statutory	100%
Mutual growth fund	• Win-win fund co-funded by Coway and IBK	20 billion
Pre-purchase of materials	• Pre-ordering and pre-purchasing to ensure the business stability of suppliers	25.6 billion
Technology		
Performance sharing system	• Enabling Coway and its suppliers to achieve common goals and share results	2 cases
Technical support	• Partner site visits to train technical know-how	560 cases
Assistance for technology rentals	• Funding for a technology rental to the Large and Small Business Agriculture and Fisheries Foundation	1 case
Consulting Assistance		
Quality consulting	• Supporting quality consulting to suppliers for quality improvement	55 suppliers
ESG consulting	• External consulting to strengthen the ESG management of suppliers	10 suppliers
Training		
Online training	• Supporting stable growth by nurturing key talented individuals employed by suppliers	291 persons
ESG training	• Online ESG training for suppliers	129 persons
Technology anti-theft training	• Online training to prevent partner technology theft	71 persons
Opening Up Markets		
Purchasing fairs	• Participating in purchasing fairs and soliciting attendees	3 times
COWAY SIF	• Opportunities to diversify and grow revenue	16 companies
Support for export expansion	• Support to suppliers for consigned production and overseas export	1.5 billion
Sales increase	• Supporting SME finished goods sales with our MRO site	200 million
Preventing Industrial Accidents		
Support for prevention activities	• Distributing industrial safety prevention guidelines and self-checklists	73 companies
Support for prevention activities	• Preventing industrial accidents by distributing industrial safety posters	124 companies
Welfare		
Product support	• Supporting supplier dorms with returned mattresses	103 products
In-house product discounts	• 60% off the list price of in-house ReNK products	932 products



## Strengthening Communication with Suppliers

Coway strives to collect feedback and reflect the voices of its suppliers and pursues open communication to achieve mutual growth. To create a culture of healthy business-to-business relations and practice fair trade, we continuously communicate with our suppliers and discover opportunities for improvement to build an infrastructure that enables us to grow



### Status of Coway Supplier Support Programs

Support Program	Description	Result of Execution
Visiting suppliers	• Visiting 74 subcontractors at least once a year to listen to their VOCs	Completed
Online meetings	• Online meetings held once a year (schedule adjusted due to COVID-19)	Completed
Online channels	• Communicating and listening freely with our suppliers	In progress
Partner innovation contests	• Promoting exchanges of technology and competition of innovative ideas among Coway suppliers	Completed

## Integration of Fair Trade Culture

### Fair Trade Governance

Coway operates an internal unfair trade monitoring system in order to internalize fair trade guidelines. The Subcontract Transaction Review Committee consists of at least three employees, including personnel relevant to subcontracting. The committee holds a fair trade deliberation committee meeting 12 times per year to monitor subcontracting in general, including cost fluctuations.

### Four Guidelines for Fair Trade

Coway has formulated four guidelines for mutual prosperity to guarantee the rights and interests of subcontractors and prevent the abuse of superior bargaining positions. We designate a person in charge of fair trade to monitor compliance with the guidelines on a regular basis and take preemptive measures to eliminate unfair trade risks, ultimately promoting greater transparency in our business activities.

1. Signing desirable contracts

2. Ensuring fairness and transparency in the selection and operation of suppliers

3. Observing guidelines for proper contracts between large and medium-sized enterprises

4. Establishing and operating a transaction review committee

# Supplier Code of Conduct

## Supply Chain ESG Management

Coway maintains strong cooperative relationships with its suppliers in order to fulfill its environmental and social responsibilities and contribute to creating a better world through its innovations. We responsibly implement a supply chain sustainability management system and require our suppliers to fulfill their responsibilities in keeping with our standards.

Coway created and launched the “Coway Supplier ESG Management Improvement Support Program” in 2022 to continue our joint efforts with our suppliers to create a healthy and sustainable industry ecosystem that ensures not only the sustainability of our own operations but also that of the entire supply chain.

## Supplier Code of Conduct

Coway has revised the “Coway Supplier Code of Conduct 2022” to reflect the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, other global guidelines such as those from the Electronic Industry Citizenship Coalition (EICC) and the Responsible Business Alliance (RBA), and the Labor Standards Act.

Aiming to promote corporate social responsibility and upgrade corporate ethics, the Code of Conduct contains basic principles regarding respect for labor and human rights, environmental responsibility and ethics with which Coway subcontractors must comply as partners. We also require our suppliers to sign a Code of Conduct to commit to sustainability and to prevent violations of the Code through self-assessments.

Supplier Code of Conduct >

### Details of the Supplier Code of Conduct

Category	Details
Human Rights & Labor	Prohibition of discrimination, prohibition of child labor, voluntary work, observance of working hours, humane treatment, wages, etc.
Safety and Health	Occupational safety and health, preparedness for emergency, etc.
Environment	Compliance with environmental laws, pollution prevention, regulation of product-containing substances, etc.
Ethics	Anti-corruption, fair trade, responsible mineral procurement, protection of personal information, etc.
Management System	Compliance with relevant laws and customer requirements, compliance with this code, identification of operational risks, etc.

# ESG Assessments in the Supply Chain

## ESG Assessments in the Supply Chain

Coway manages risks through an annual ESG assessment of the ESG status of our key suppliers. We require all suppliers to comply with our Supplier Code of Conduct, and we conduct ESG diagnostics on key suppliers to identify potential ESG risks in the supply chain and ensure that improvements are made by suppliers that do not meet certain standards.

Coway selects its key suppliers with comprehensive consideration of transaction size, non-replaceability, and ownership of core technologies. In 2022, the total number of Coway suppliers was 112, of which 71 were managed as key suppliers.

Coway conducted the 2022 Supply Chain ESG Assessment, an independent assessment by a third-party expert organization (QESG), for its major suppliers. The ESG survey and assessment were divided into four areas, namely Environment, Human Rights and Labor, Ethics and Governance, and Product and Service Responsibility, according to global standards\*. In addition, industry-specific assessment indicators were applied to evaluate ESG risk factors according to company characteristics. The survey and assessment were conducted through documentation and site visits for approximately two months, from August 26 to October 19, 2022.

### Assessment Overview

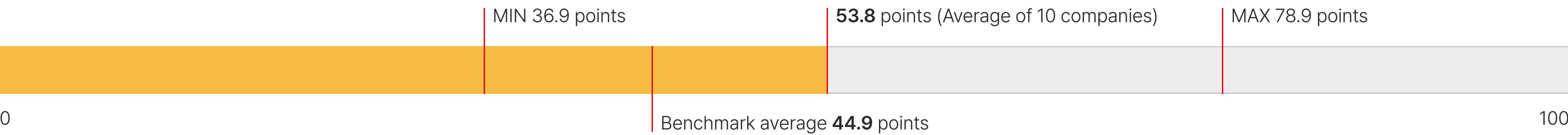
Purpose	<ul style="list-style-type: none"><li>Managing potential ESG risks in the supply chain and value chain according to global standards</li><li>Encouraging suppliers to improve their social and environmental performance and achieve shared growth</li></ul>
Period	Aug. 26, 2022 - Oct. 19, 2022
Survey and Assessment Targets	<b>10 Key Suppliers</b> <ul style="list-style-type: none"><li>Initial selection based on key delivery performance, sales, and long-term business relationships</li><li>Final selection based on interest in ESG assessment and willingness to participate</li></ul>
Description of Survey and Assessment	<ul style="list-style-type: none"><li>Human Rights &amp; Labor, Environment, Ethics &amp; Governance, Product &amp; Service Responsibility (4 categories)</li><li>Data verification through written inquiries and documentary evidence</li></ul>
Results	<ul style="list-style-type: none"><li>Benchmark analysis with industry and scale comparisons</li></ul>



Overall Results

The average overall ESG risk assessment score of Coway's suppliers was 53.8, which is a relatively high ESG level compared to the benchmark group.

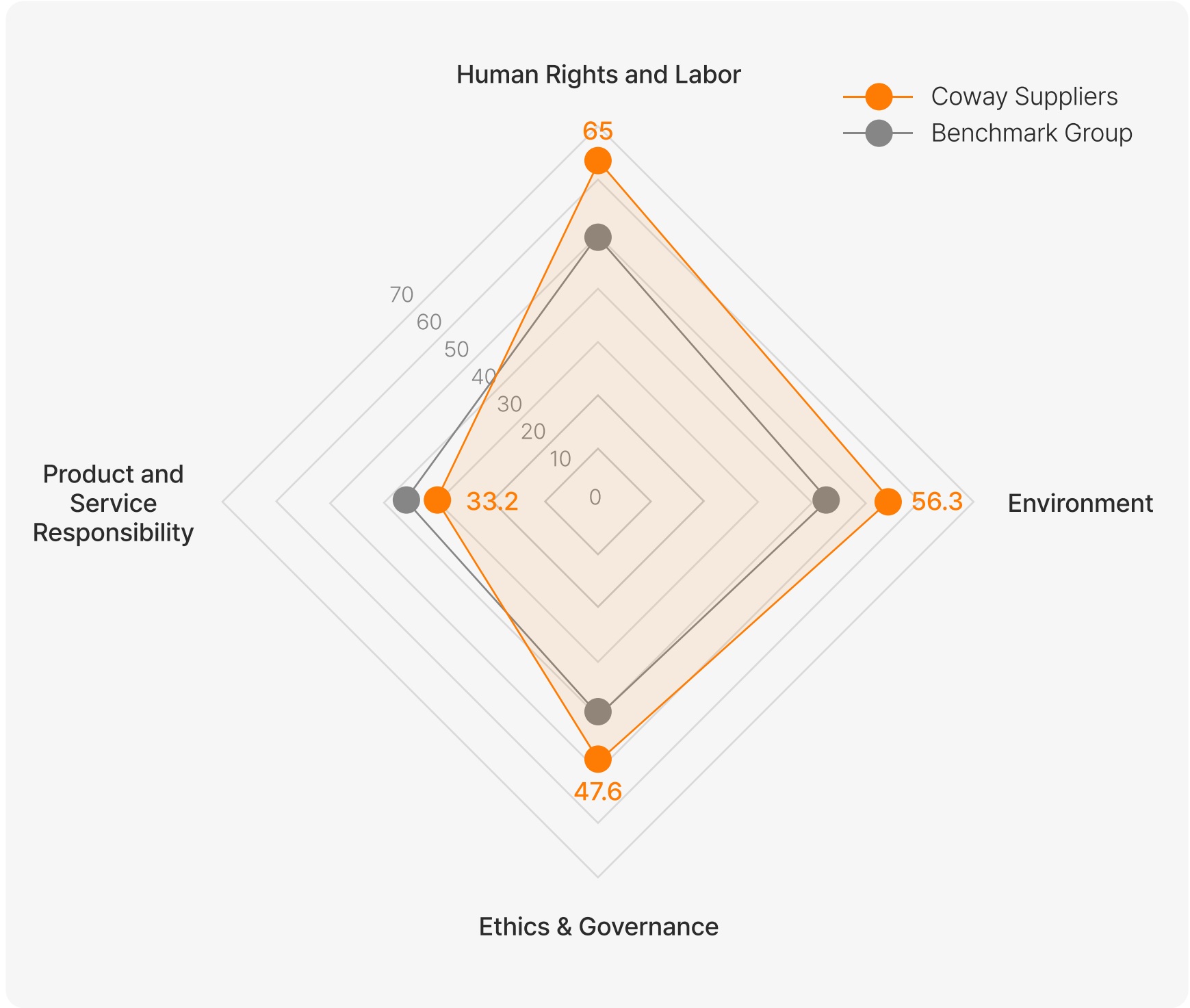
Based on a total score of 100 points, the average score (= requirement fulfillment rate) of the 10 participating companies was 53.8 points, with a standard deviation of 12.3 points, which is 8.9 points higher than the average score of the benchmark\* group evaluated in FY 2021.



\*Benchmark: QESG survey and assessment results data for the first half of 2021-2022 (approximately 2,700 companies)  
\*The number of companies was small as only 10 companies were subject to Coway's supply chain ESG assessment. The data was utilized as reference information.

Results by Sector

The basic ESG risks in the categories of human rights, labor, environment, ethics and governance were well managed, but the assessment results were relatively weak for product and service responsibility, which is ESG in an industry context. The 10 companies included in Coway's ESG supply chain assessment consist of companies with higher sales volumes than the main benchmark companies and their ESG management was stable as expected, but there is room for improvement in social and environmental responsibility activities.



Summary of Top Risks in the Supply Chain ESG Assessment

On human rights and labor, the 10 companies reviewed in Coway's supply chain ESG assessment exposed the need to expand the scope of human rights and labor management throughout the supply chain. On the environment, we identified a need to set and reduce medium- and long-term emissions targets and on ethics and governance, the need to expand disclosure. There was also a need to identify ESG opportunities related to product and service stewardship.

Coway's ESG Supply Chain Assessment 2022 was a pilot risk assessment project designed to identify the current level of ESG management among our suppliers and provide support.

Henceforth, Coway will expand the scope of the assessment to identify and manage risks across the supply chain in order to improve the quality of ESG supply chain management and operate a healthy supply chain.

Human Rights/Labor Standards and Practices 65 / 100	Human rights, labor, and safety management should extend throughout the supply chain.	<ul style="list-style-type: none"><li>Some companies do not define "child and forced labor," "prohibit workplace harassment," or "ensure freedom of association" in their human rights/labor policies.</li><li>30% of companies experienced an increase in their lost-time injury frequency rate (LTIFR) over the past three years, which indicates the need to pay attention to workplace safety and disaster prevention.</li><li>There is a need to expand the scope of human rights and labor and safety management to include human rights, labor, and safety risks in the supply chain.</li></ul>
Environment 56.3 / 100	There is a need to manage environmental emissions in the medium to long term.	<ul style="list-style-type: none"><li>Environmental data such as data on greenhouse gas emissions, water, waste, and air quality must be collected regularly, and a long-term performance management system must be organized.</li><li>In particular, targets and performance management by environmental indicators are required to enable integrated performance management across the enterprise.</li><li>Mid- and long-term environmental management goals must be established.</li></ul>
Ethics and Governance 47.6 / 100	Transparency must be enhanced through information disclosures.	<ul style="list-style-type: none"><li>In most cases, there is no ethics reporting channel or ethics pledge system in general.</li><li>The level of ESG disclosure transparency is low and there is a need to encourage active ESG disclosures.</li></ul>
Product and Service Responsibility 33.2 / 100	There is a need to more effectively identify opportunities.	<ul style="list-style-type: none"><li>The criteria and evaluation of product environmental responsibility must be strengthened in regard to product carbon footprint, renewable energy opportunities, etc.</li><li>Chemical management and life cycle assessments are required to manage the impact of products on the environment, ecosystems, and human health.</li></ul>

Supplier Risk Self-Assessment

Coway comprehensively assesses supply chain conditions, performance, and management stability and assigns extra points to suppliers with excellent innovation activities and communication. Based on the evaluation results, we categorize suppliers into grades A to D. Excellent suppliers in grades A to B are granted increased order volumes and membership in the council executive team. On the other hand, we impose penalties such as development restrictions and logistics reductions on weak suppliers in grades C to D, and we suspend business with suppliers who have earned a D grade for two consecutive years.

To identify non-financial risks, we also conduct an annual ESG assessment of our key suppliers. The ESG assessment includes five topics, namely labor, health and safety, environment, ethics, and conflict minerals, and each area is linked to Coway's Supplier Code of Conduct.


In April 2022, Coway conducted ESG diagnoses for a total of 73 suppliers. The results demonstrated that Coway's suppliers met an average of 66.8% of the diagnostic criteria, an increase of approximately 5 percentage points from last year.

ESG Management Consulting for Suppliers

We provide ESG evaluation indicators suitable for small and medium-sized enterprises to help suppliers introduce ESG management into their supply chains. Through supply chain ESG consulting, we measure the ESG management levels of Coway's suppliers compared to their peers and help them identify risks in advance to systematically respond to risks and strengthen competitiveness.

Coway Supplier ESG Management Indicators

	Environment	Human Rights & Labor	Ethics & Governance	Product and Service Support	
Common Indicators (applicable to all)	Environmental management system	Human rights/labor standards and practices	Ethical management		
	Greenhouse gas emissions	Human rights/labor standards in the supply chain	ESG management and disclosures		
			Governance		
Industry Innovation Index (industry-specific)	Water and wastewater	Workplace safety		Privacy & information security	Raw material sourcing
	Waste	Occupational diseases		Content responsibility	Product/service eco-certifications
	Air quality			Financial consumer protection	Materials & packaging
				Sustainable finance/responsible investment	Renewable energy opportunities
				Biodiversity and land use	Product carbon footprint & fuel economy
				Chemical safety	Transportation accidents & spills
				Recalls	Health & nutrition
				Recovery and recycling	Addiction prevention

 The standards for governance, supply chain human rights/labor only apply to externally audited entities

Corrective Actions

Coway reviews the results of supply chain ESG self-checks and ESG consulting to recommend corrective action plans to suppliers that need improvement, and encourages them to improve ESG risk factors based on the assessment results.



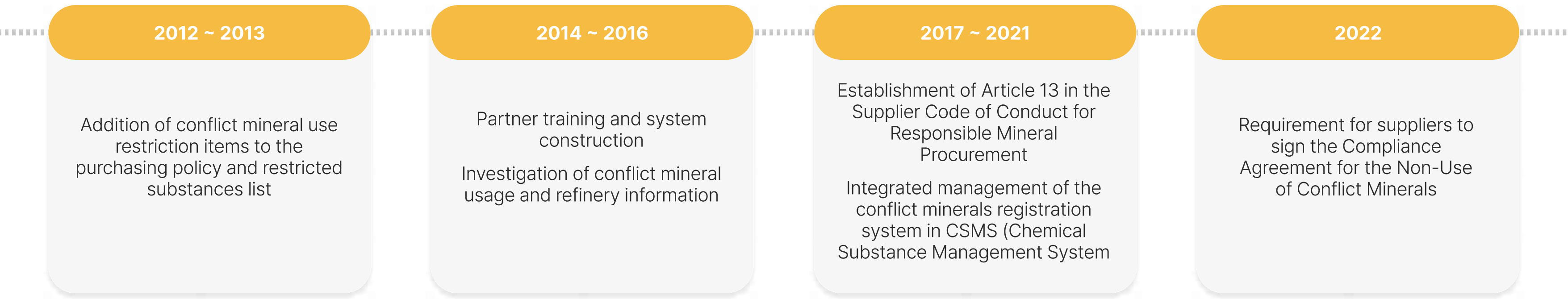
# Conflict Minerals

We restrict the use of conflict minerals obtained through illegal mining in conflict areas (posing risks of human rights abuses, exploitation of child labor, sexual assault, etc.) to ensure sustainable consumption and production that prioritizes human dignity. We strive to use legal minerals to ensure that restrictions on the use of conflict minerals do not cause economic harm to conflict areas.

To this end, we are in the process of continuously investigating the use of conflict minerals in raw materials/materials/components supplied to Coway and enhancing our management processes. In 2022, Coway signed the Compliance Agreement for the Non-Use of Conflict Minerals and conducted awareness-raising efforts targeting some of its major supply chains.

In 2023, our plan is to complete the signing of the Compliance Agreement for the Non-Use of Conflict Minerals across the entire Coway supply chain. We shall further strengthen the conflict minerals management process that connects Coway and its supply chain to continuously manage conflict minerals issues in the global supply chain.

## Status of Conflict Minerals Response Measures

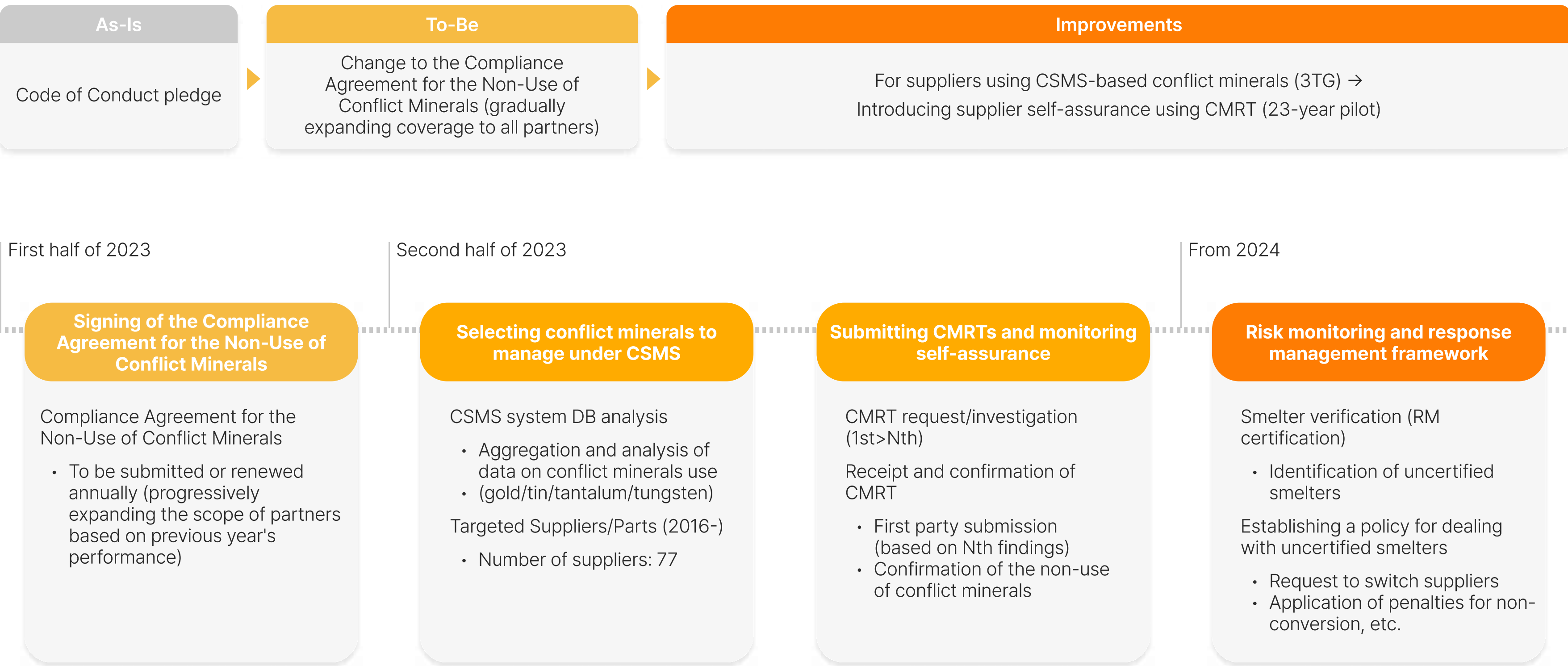


## Conflict Minerals Management Organization

The management of conflict minerals is overseen by the executive in charge of purchasing, who has the right to make purchasing decisions on raw materials/materials/components incoming to Coway. In addition, we include conflict minerals as an evaluation item in our supply chain ESG management and evaluation. Issues related to conflict minerals discovered in this process are reported to the ESG Consultative Group, and decisions are made through the ESG Committee agenda.

## Conflict Minerals Management Process

Coway considered the management of conflict minerals in its supply chain when establishing the existing chemical management system and completed preparations to effectively respond to regulations through processes such as registration, digitization, and approval of conflict and responsible minerals. From the second half of 2023, we plan to re-allow access to the conflict minerals management process in the chemical management system and continue to operate and upgrade the conflict minerals management process.



# Safety and Health Management System

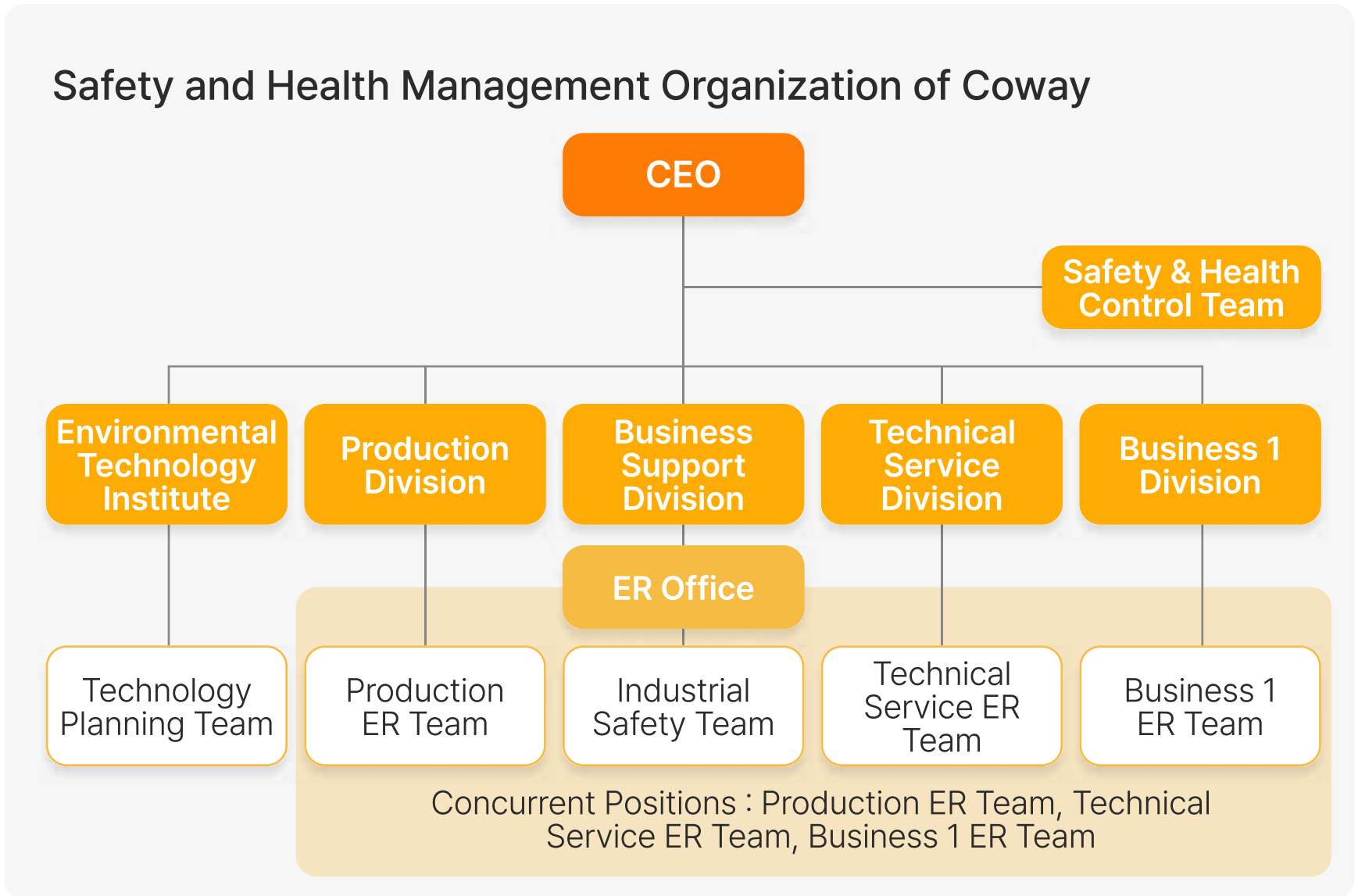
Coway is striving to create a safe and robust work environment based on its safety and health management system. To proactively address potential risks, we have created an Occupational Safety and Health Committee in our factories, Research and development Center, and other workplaces with high risks of accidents. We also obtained the ISO45001 (safety and health management system) certification, which testifies to our efforts to consistently improve safety and health in the workplace. In 2023, we will continue to devote special attention to our employees' safety and health, making their safety top priority in all business activities.

Safety and Health Management Policy >

Mission	Create a safe and healthy work environment.				
Vision	Making employee safety and health a top priority				
Core Value Management Policy	Core Values I Safety and Health	Core Values II Legal and Regulatory Compliance	Core Values III Education and Training	Core Values IV Improvement Activities	Core Values V Improvement Activities
Direction	A pleasant and safe work environment Ensure employee safety and health	Comply with laws and regulations governing business activities	Educate and train employees on safety and health	Continuous improvement activities	Communicating with stakeholders
Operation Strategy	<ul style="list-style-type: none"><li>Identify and eliminate hazards in the workplace.</li><li>Establish a work environment that improves work efficiency.</li></ul>	<ul style="list-style-type: none"><li>Comply with international safety and health standards.</li><li>Comply with internal regulations and standards.</li></ul>	<ul style="list-style-type: none"><li>Comply with international safety and health standards.</li><li>Comply with internal regulations and standards.</li></ul>	<ul style="list-style-type: none"><li>Improve safety and health management.</li><li>Set goals and implement and check improvement activities.</li></ul>	<ul style="list-style-type: none"><li>Identify risks and review the performance on safety, and health management.</li><li>Engage in ongoing consultation with implementing stakeholders, including workers and local communities.</li></ul>

## Safety and Health Management Organization

Coway's dedicated organization for safety and health is the Safety and Health Control Team, which operates under the CEO. The Safety & Health Control Team is in charge of establishing an occupational safety and health strategy, operating the Occupational Safety and Health Committee, and communicating with other safety and health departments at each site. The separate safety and health departments at each site implement tasks to respond to risks and opportunity areas related to the site, share the results, and report on plans for implementing tasks through the Industrial Safety & Health Committee four times a year.



Case

Examine and improve the work environment through measures including work environment measurements

Improving the Workplace Environment

- Shortcomings in providing suitable work environments and systems
- Risks of injury due to overloaded items falling or colliding with objects in offices, walkways, etc.
- Need for warehouses in or around the building to store items by sector and business unit





# Operation of the Occupational Safety and Health Committee

Coway's chief decision maker for occupational safety and health is the CEO.

Some of the related issues deliberated and resolved by the final Occupational Safety and Health Committee are presented to the Board of Directors as a report agenda item in accordance with Article 14 of the Occupational Safety and Health Act and Article 170 of the Commercial Act and the decisions are approved by the Board of Directors once a year.

The Occupational Safety and Health Committee is operated by the Safety and Health Team to diagnose the implementation of the Occupational Safety and Health Committee at each department and to discuss the contents of Article 24 of the Occupational Safety and Health Act. The committee is composed of an equal number of employer members (4) and employee members (4) at each department, and manages safety and health issues rationally and proactively.

In 2022, we held four meetings of the Occupational Safety and Health Committee to discuss the following.

1. Changes in safety and health legislation and policies
2. Worker health and disease prevention and COVID-19 infection prevention
3. The implementation of the Serious Accidents Punishment Act, etc.



※ This organizational chart is based on the personnel at headquarters.

## Case

### Operations of the Occupational Safety and Health Committee

Agenda	Deliberations
Safety and Health Regulations	Chapter 1 General: Purpose and scope, etc.
	Chapter 2 Organization and Duties of Safety and Health Management: Organization and appointment of safety and health management, etc.
	Chapter 3 Safety and Health Education Curriculum and Training Methods, etc.
	Chapter 4 Workplace Safety Management: Establishment of plans for safety and health management and compliance with safety rules by workers, etc.
	Chapter 5 Workplace Health Management: Medical examination and musculoskeletal diseases, etc.
	Chapter 6 Accident Investigation and Countermeasures: Procedures for handling disasters and accident investigations, etc.
	Chapter 7 Risk Assessment: The timing of risk assessment and establishment of measures to reduce risk, etc.
	Chapter 8 Supplementary Rules: Enactment and Revision of Regulations, etc.
Other Health and Safety Issues	Chairman of the Occupational Safety and Health Committee: The head of safety and health management shall serve.
	Designation of a Secretary of the Occupational Safety and Health Committee: A person who does not belong to the employer or employee side and is the head of the Occupational Safety Team.
	The Conference Bureau of the Occupational Safety and Health Committee shall make announcements by electronic authorization and email.



# Health and Safety Activities

## Health and Safety Strategy and Performance

Coway has selected four key performance indicators to strengthen its responsibility for occupational safety and health in accordance with the Serious Accidents Punishment Act in 2022. Coway has established and implemented operational strategies and detailed achievement plans to achieve compliance.

Performance Indicators	2021(P)	2022(P)	Operating Strategy in 2022	Key Plans in 2022
Zero Serious Accidents	0 case	0 case	Prevention of serious accidents	<ul style="list-style-type: none"><li>Strengthening the safety and health organization (operating a dedicated organization for responding to the Serious Accidents Punishment Act)</li><li>Standardization of emergency response manuals (major accidents, fires, work stoppages, etc.)</li><li>Accidents response simulation drills</li><li>Establishment of safety and health evaluation standards for contracting and outsourcing</li></ul>
Industrial Accidents (20% reduction)	191 cases	151 cases ↓	Risk prevention management	<div>Plans to reduce industrial accidents (20%)</div> <div><div><div>In 2023</div><ul style="list-style-type: none"><li>Strengthening the safety and health management system</li><li>Revitalizing an atmosphere of worker participation</li><li>Risk management centered on risk assessment</li></ul><div>Establishing a self-discipline prevention system</div></div><div><div>In 2024</div><ul style="list-style-type: none"><li>Diversifying safety and health communication channels</li><li>Establishing an integrated safety and health management system</li><li>Systematizing the monitoring system</li></ul><div>Establishing a voluntary safety and health management system</div></div><div><div>In 2025</div><ul style="list-style-type: none"><li>Strengthening safety management responsibilities by subject</li><li>Advance risk assessments</li><li>Enhancing safety response expertise</li></ul><div>Spreading and inspiring a culture of safety</div></div></div>
Building an Emergency Response System (manual)	-	100% implementation	Reinforcement of the safety and health system & infrastructure	<ul style="list-style-type: none"><li>Operating company-wide safety and health communication channels (in-house, affiliated companies).</li><li>Benchmarking safety and health management systems or organizing external consultation</li><li>Creating a sustainable medical examination management system</li></ul>
Leveling-up the Safety and Health Culture	-	Reinforcing promotions and campaigns	Culture of system safety	<ul style="list-style-type: none"><li>Preparing for the expansion of safety and health management system certifications (headquarters, research institutes)</li><li>Identifying and reporting company-wide safety and health issues (ESG Committee)</li><li>Delivering breaking news of safety accidents through mobile channels</li></ul>

## Health and Safety Certification and Performance

Coway operates and manages an integrated safety and health system for its plants in Yugu, Incheon, and Pocheon in the Republic of Korea based on ISO45001 certification standards. In addition, Coway plans to introduce a safety and health system for the Environmental Technology Institute (Research and development Center) in 2023.

We also operate a Contractor Safety and Health Council with our suppliers to jointly inspect workplace safety conditions and secure occupational safety throughout the supply chain.

In 2022, we discussed COVID-19 response measures, forklift safety, and other issues of workplace safety and health, and subsequently implemented appropriate improvement measures to tackle deficiencies.

### Safety and Health Management Certification

Category	Scope of Workplace Certification	Valid Date
ISO45001	Yugu, Incheon, and Pocheon plants	2021.07.07 ~ 2023.07.13

\* The KOSHA MS certification was cancelled and the ISO45001 certification was renewed, since previously, the simultaneous maintenance of ISO45001 and KOSHA MS certifications was reducing work efficiency.

## Health and Safety Training

Coway conducts safety and health education for employees and special-category workers to raise safety awareness and prevent safety risks in advance. Safety and health training includes regular training for workers, training for managers and supervisors, and special training, and initial training for special types of workers. Coway plans to strengthen its in-house safety and health culture and reinforce the systematic risk response system through safety and health training.



22년 2분기

정기안전보건교육

2분기 (6월)

정기안전보건교육은 분기별 실시하는 **법정필수교육**입니다.

1. 교육 대상자 및 교육 기간

대상자	기간	교육기간
5월 기간내 입수일자	3	5/02 ~ 5/10일(까지)
5월 신규 입사자 등	3명	5/02 ~ 5/17일(까지)

※ 대상자는 첨부파일 참조

3. 교육 방법

온라인 교육 : 안전교육포털 모바일(스마트폰) 교육 또는 PC로만 수강 가능(실에서도 가능)

분할 > 업무지원 > 양자/교육 > 러닝센터 접속  
https://coway.hunet.co.kr/Home  
(원 최초 로그인 시: ID, PW 사번)

러닝센터 > 나의 강의실 > 안전보건교육

인원관리, 온라인, 안전보건교육, 학습률, 학습확인

4. 교육 수료 조건

아래 조건전 조건 모두 만족해야 함

① 진도율 100%

② 시험 5문항 중 3개 이상 정답(주의 : 제한시간 있음)

[시험 0분일 경우 교육 재입력여부나 주의 해주세요]

5. 교육 주요 내용

1. 산업재해보상법상 보령금에 및 처리절차

2. 일터에서의 감염병 예방대책

3. 직무스트레스 관리 및 직장 내 괴롭힘 대응방안

4. 중대재해 처벌 등에 관한 법률의 이해

5. 사업장 화재관리

6. 산업재해 발생 시 응급처치 및 조치사항

# 자주하는 질문(FAQ)

Q. 러닝센터 "나의강의실"에 교육이 없게 되어 있지 않습니다.

A. 입과 퇴사 입수신 문들은 관리감독자, 집배교육 대상 자들, 별도 교육 대상자가거나 배려 대상자입니다.

Q. 최종평가 점수 0점 맞았습니다.

A. 교육수료기준은 최종평가에서 1개 이상 맞아야 합니다. 이후 1회 시스명실 집계하여 재검과 진행 후 재입력 안내 드리고 있습니다. 신속하게 재검하여 주시기 바랍니다.

Q. 교육을 이수하려면 어떻게 되나요?

A. 해당 교육은 법정필수교육으로 이수하지 못하면 사법행위 발생될 수 있습니다. 따라서 특별한 사유없이 미수료할 경우 불이익이 발생될 수 있습니다.



Health and Safety Training Performance by Job Type in 2022

Year	Training	Trainees	Frequency	Training Period	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Numbers of participants
1	Regular employee training	All employees	Once a quarter	Office workers : 3 hours Non-office workers : 6 hours													3800 persons/quarter
2	Regular supervisor training	Supervisors	Once a year	16 hours													720 persons/year
3	Training on recruitment	New hires	As needed	8 hours													250 persons/year
4	Job training	Safety and health supervisors	Once every two years	8 hours													5 safety and health supervisors
		Safety and health managers	Once every two years	New: 32 hrs Retained: 24 hrs													9 safety and health managers
5	Initial onboarding training	Specialty workers	As needed	2 hours													For all employees who become eligible

Activities to Prevent Serious Accidents

Coway is strengthening its workplace safety management to provide all members, including employees and suppliers, with a safe working environment without the risk of accidents.

1. We plan to strictly comply with the Serious Accidents Punishment Act, which has been in effect since 2022, and achieve the goal of recording zero serious accidents in our business based on a systematic safety and health management system.
2. Coway strives to improve the working environment of service managers and special-type workers and reduce the accident rate. For processes that require protective equipment, we prevent accidents by providing safe protective equipment. We also perform due diligence to prevent work-related diseases such as musculoskeletal disorders by providing step ladders and other equipment necessary for work.
3. For safety and health risk management, we conduct risk assessments at our business sites every year and take steps to eliminate hazards and risks through these assessments.
4. We prioritize safety in the work environment and frequently check the status of safety and health facilities (systems) and equipment necessary to prevent major accidents.

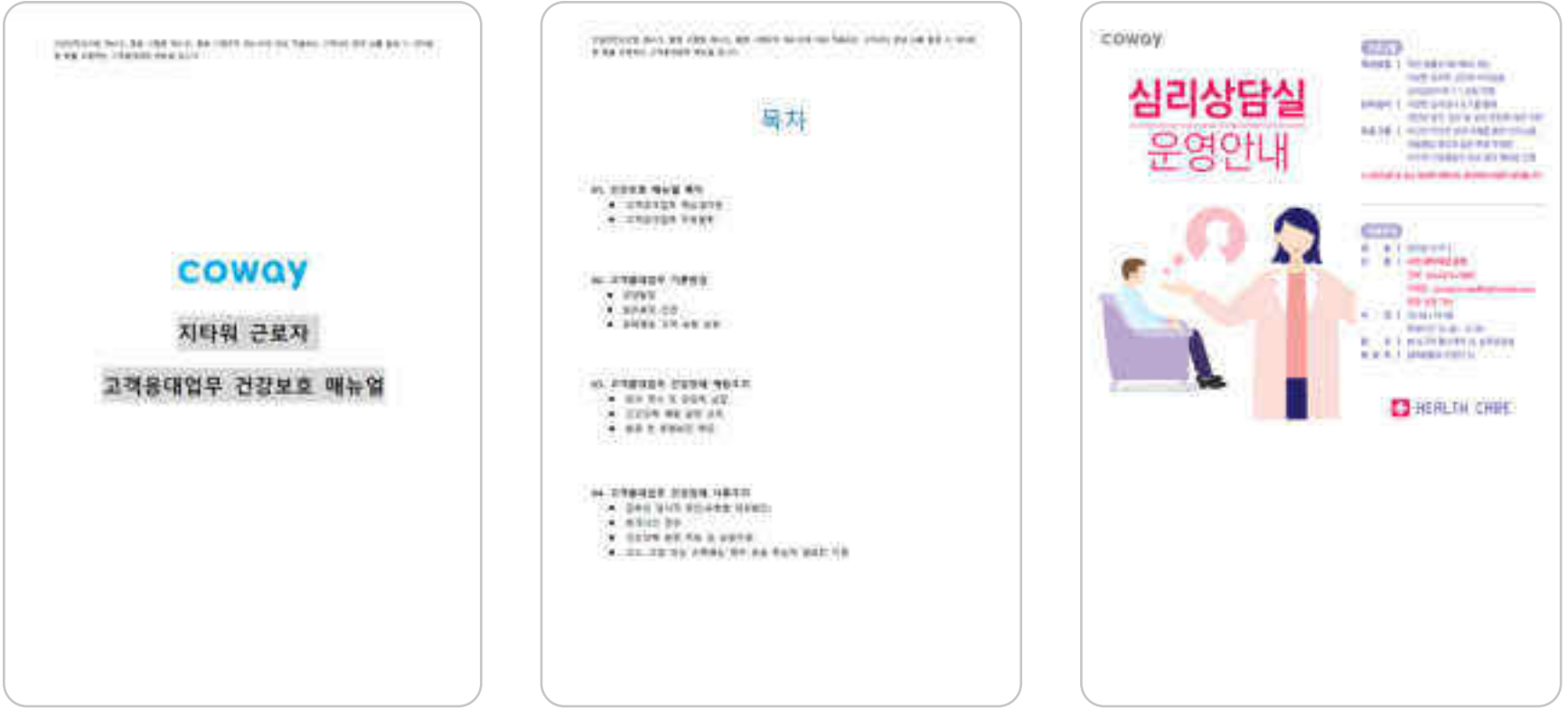
Status of Safety and Health Facilities and Equipment

Safety and health equipment	Quantity
Local exhaust vents	5
Pressure vessels	49
Conveyors	30
Industrial robots	8
Lifts	10
Forklifts	72
Fire extinguishers	738
Hydrants	107
AED	7
First aid kits	607
Healthcare supplies	3

Health & Wellness Activities

Health Care for Employees

Coway, aspires to be a “healthy company”: we care about employees’ physical and mental health and operate diverse programs to protect their health. All employees check their health status through a comprehensive health checkup every year and work in a safe and pleasant environment in which we comply with regulations on safety and health.



Employee Health Support System

Category	Description
Health checkups	We conduct a regular health checkup for all employees and a special health checkup for employees at higher risk of illnesses due to the nature of their jobs. As a result of our consistent efforts to encourage all employees to receive health checkups, the ratio of employees who received health checkups reached the 80 percent range in 2020 and rose to 96.9 percent in 2021. We plan to continue implementing the health checkup program to achieve 100 percent in December 2022.
Emotional labor manual for employees	We distribute the company's emotional labor manual to employees whose work involves emotional labor.
Refreshing vacations	We offer paid long-term vacations to long-tenured employees to help them recharge.
Gyms & health rooms	Coway operates gyms and health rooms for employees, to reduce stress at work and prevent musculoskeletal diseases.
Mental health counseling rooms	We offer mental health counseling rooms where employees can receive psychological counseling services to deal with diverse personal problems and work-related psychological distress. The mental health counseling service includes diverse programs, including psychiatric exams, one-on-one counseling, meditation, group counseling, etc.



# Response to the COVID-19 Pandemic

In response to the COVID-19 pandemic, we implemented company-wide countermeasures to control and prevent infections. We disclosed employees’ COVID status in real time whenever a COVID-19 outbreak was reported and encouraged all employees to voluntarily adhere to the COVID-19 prevention and control guidelines. We checked temperatures at the entry points in all factories and made hand hygiene and mask wearing compulsory. In addition, we sanitized the factories once per week.

We made self-test kits, face masks, and hand sanitizers accessible at all times, and implemented the social distancing policy to minimize close contact in public areas. In order to minimize infections caused by face-to-face contact, we had 30 percent of the workforce work from home to reduce. We adopted a vaccine leave policy (providing two-day paid breaks) for employees rest and reduce the risk of possible side effects of the COVID-19 vaccine.

# Management of Worker Health and Safety Among Suppliers

Coway has recognized production facilities, Research and development centers, and IT development partners as vulnerable groups for safety and health.

- 1. We support our suppliers' safety and health management activities through joint safety and health inspections with the contractor safety and health council.
- 2. We conduct regular inspections of our suppliers' workplaces to discover and eliminate hazardous risks. We also receive opinions on safety and health from workers through the VOCs at our suppliers' sites and provide training contents and venues for them to complete appropriate safety and health training.

We also operate an alarm system in case of emergencies and jointly conduct emergency evacuation drills.

### Activities to Support Health and Safety Among Suppliers

Coway has implemented activities related to “Support for Occupational Safety Prevention Activities” which was newly included the 2022 Fair Trade Agreement Implementation Evaluation. We are proactively improving occupational safety among our suppliers by ensuring that our suppliers perform self-inspections to identify risk factors and opportunity factors regarding occupational safety.

#### Coway conducts preventive activities to maintain a safe working environment for the employees of our suppliers.

##### Occupational Safety Self-Checks

- In 2022, 62 suppliers completed a 21-item self-assessment survey.
- The survey respondents achieved an average score of 4.2 (out of 5).

##### Safety and Health Assessment Activities

- Conducted annual safety and health audits of key suppliers
- Identified supply chain ESG risks and requested improvement measures

#### Health and Safety Support Activities


#### Occupational Safety and Health Campaigns

#### Identifying Risk Factors

- Identified risk factors through self-survey results
- Notified suppliers of insufficient factors and discussed improvement plans

#### Occupational Safety and Health Campaigns

- Campaigns to prevent incidents that may occur on the job
- Creating and distributing posters with information about serious accident prevention activities



Safe-partners

## 1. Self-inspections of occupational safety by suppliers were implemented in 2022.

In August 2022, 62 suppliers completed a self-inspection survey on 21 items, resulting in an average score of 4.2 (out of 5).  
(Scale: Excellent 5 points / Good 4 points / Fair 3 points / Insufficient 2 points / Very bad 1 point)

### Risk Factors

- 1. There were shortcomings in scenario preparation, scenario-specific action plans, and drills based on risk factors.
- 2. Inadequacies were identified in regard to the person in charge of operating and inspecting the safety and health management system and periodically reviewing and improving the problems.

Risk Factor	Score
Executive leadership	4.4
Employee engagement	4.3
Identifying risk factors	4.3
Eliminating, replacing, and controlling risks	4.2
Creating contingency plans	3.9
Evaluation and improvements	4

## 2. Production and distribution of campaign posters for preventive occupational safety to suppliers

Coway produced and distributed posters as part of its occupational safety and prevention campaign to a total of 99 suppliers (1st company: 65, 2nd company: 34).

62



Supplier Health and Safety Assessments

Coway manages risks by conducting annual safety and health assessments of key suppliers. Coway requires all of its suppliers to comply with the Supplier Code of Conduct. Key suppliers are required to conduct safety and health assessments to identify potential supply chain ESG risks and remedial actions are demanded from suppliers that do not meet certain standards..

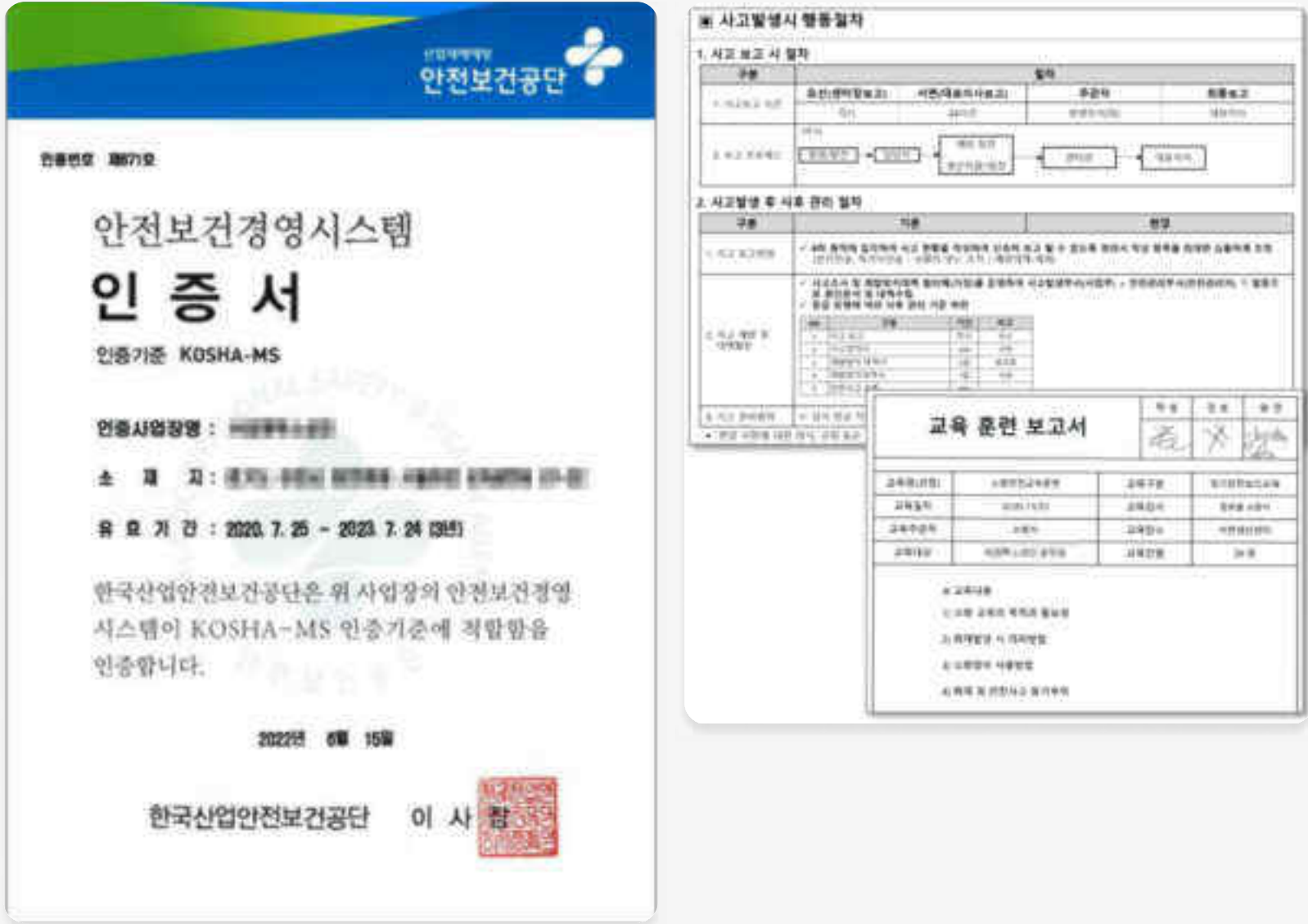
Coway conducted an independent assessment of key suppliers for the 2022 Safety and Health Assessment (Safety Certification and Safety and Health Education) through a third-party expert organization (QESG).

Accident Rate Among Major Supplier (Unit : %)

Indicator	Supplier	2019	2020	2021
Lost-time injury rate	A	0	0	0
	B	0	0	0
	C	2.53	2.43	4.83
	D	0	0	0
	E	0	0	2.7
	F	0	0	0
	G	0	0	0
	H	0	0	0
	I	0	0	3.74

Case

The company's safety and health management systems are verified by an external certification organization. We also found excellent examples of success in internalizing safety and health management through safety and health education for employees.



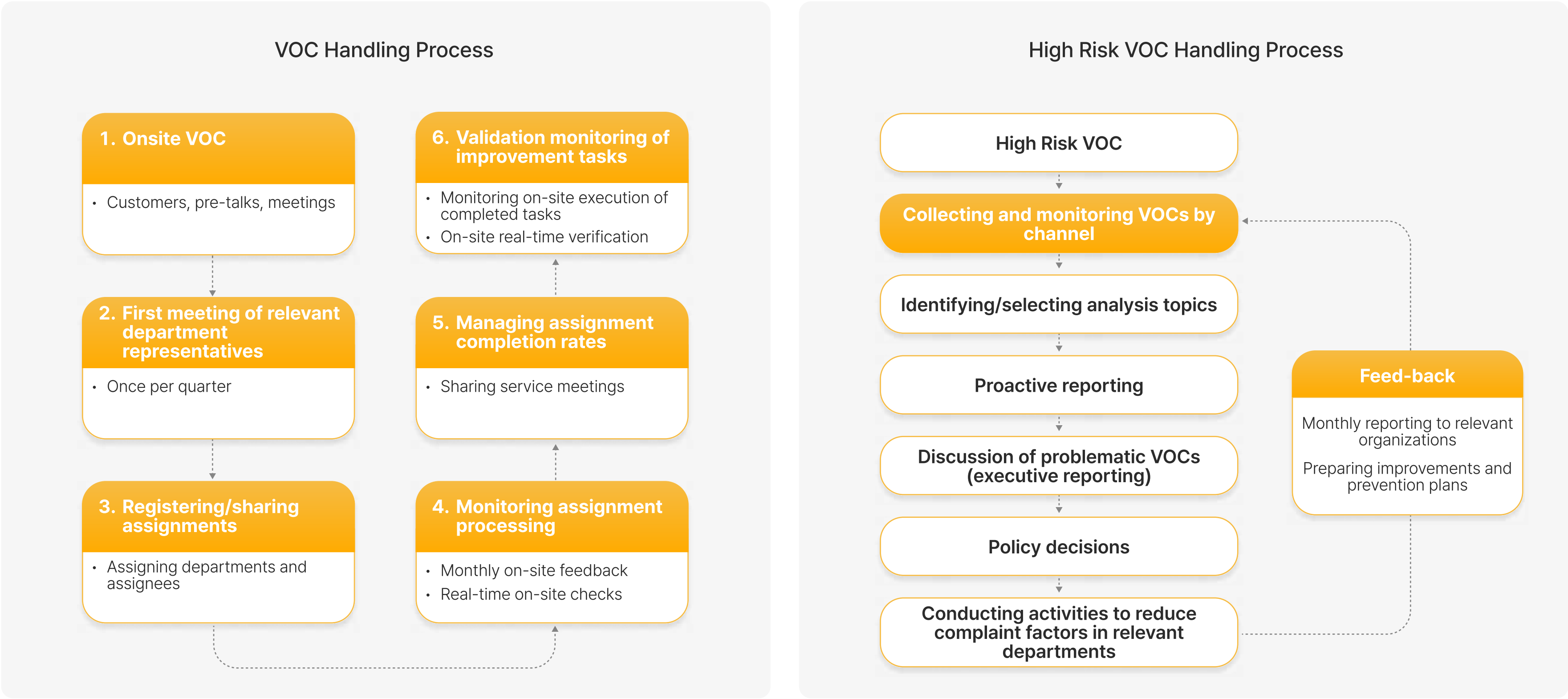
# Customer Satisfaction Management System

## Principles and Strategies

Coway intends to enhance its brand value by building long-term relationships of trust with its customers. We are always attentive to the opinions of our customers and all our actions and judgments are guided by the goal of customer satisfaction. In addition, we strive to provide the best products and services and respond quickly and accurately to our customers' needs.

## VOC Channels

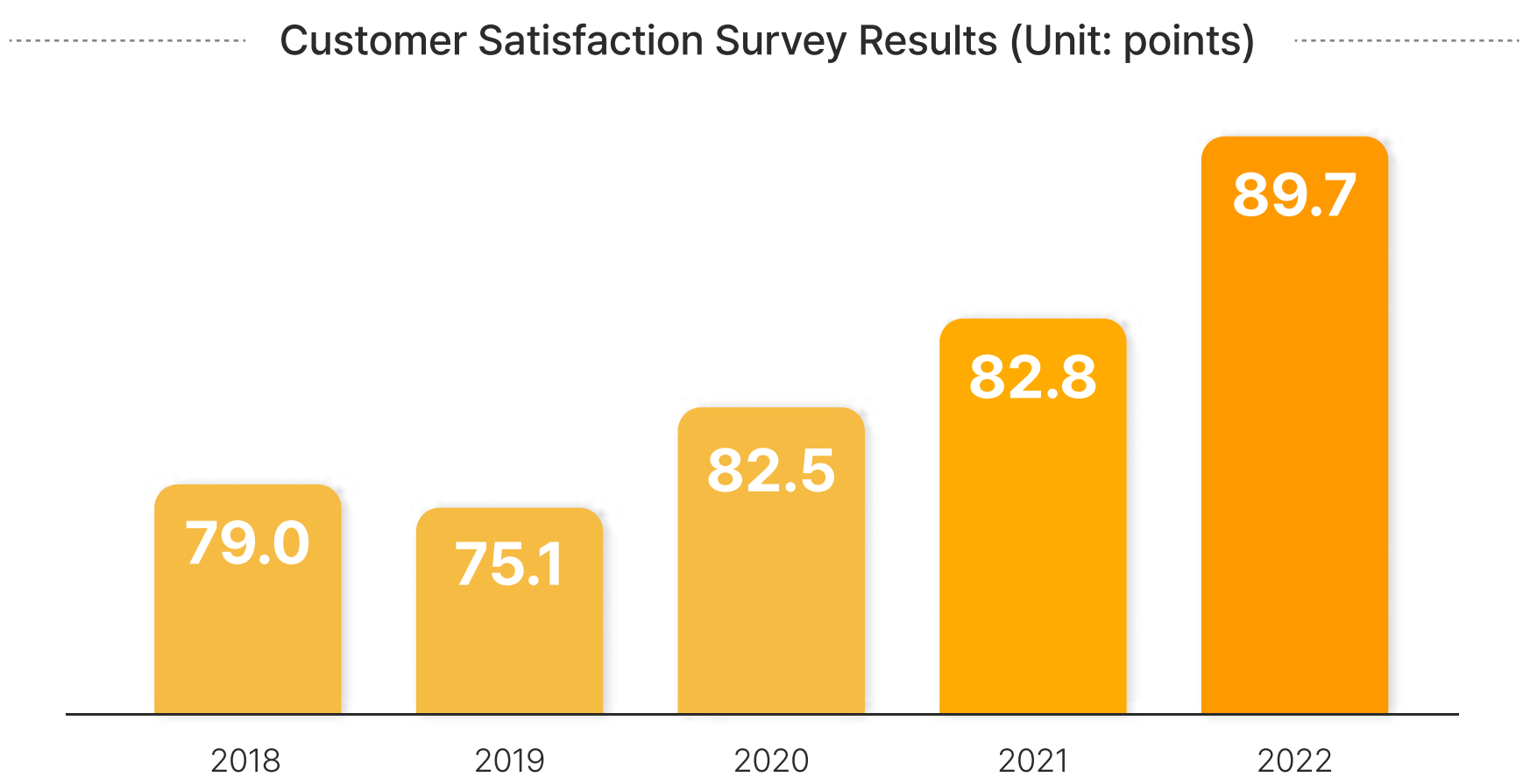
For effective Voice of the Customer (VOC) management, Coway has established a process of collect as follows: receive VOC data → analyze the data → identify improvement tasks → proactively resolve issues. By monitoring high-risk VOCs, we strive for real-time process-oriented management rather than results-oriented post-facto management. We segment customer complaints to route them to the appropriate departments for improvement actions. In addition, we classify VOC categories by severity and treat critical issues as urgent VOCs, which we immediately escalate to managers so that policy decisions can be made quickly to reduce complaint factors.



## Customer Satisfaction Survey Results (NPS)

Coway conducts satisfaction surveys by service touch points, such as ordering, installation, visits, customer services and call centers, to understand all customer experiences and identify the improvements needed. Based on the survey results, Coway communicates the necessary measures to the relevant departments and works with them to achieve the improvements.

We also conduct an annual customer satisfaction survey (NPS) to monitor our customer satisfaction index and implement activities to improve satisfaction. As a result of these efforts, we achieved improved results in the 2022 NPS survey.

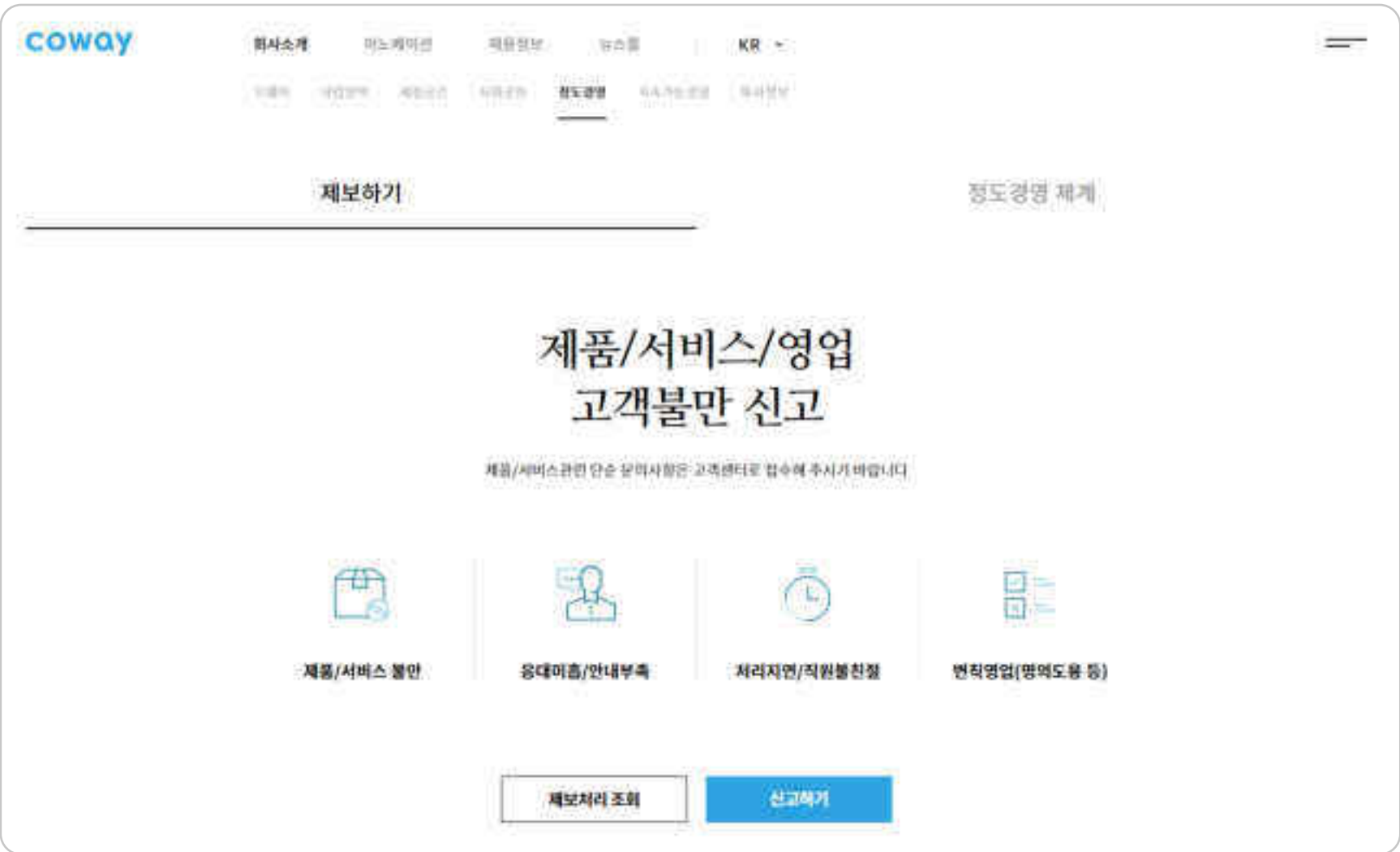




# Consumer Rights Protection Policy

Coway operates a customer complaint and report center to protect the rights and interests of consumers in relation to the products and services provided by Coway and discloses the rate and number of consumer complaints handled through reports.

In addition, Coway obtained the Consumer Centered Management (CCM) certification from the Korea Fair Trade Commission in 2021 and has maintained certified status, based on efforts to collect and respond to consumer opinions through various channels. Coway is doing its best to protect the rights and interests of consumers.



# Consumer Dispute Resolution Standards

Coway conducts product warranties for each item as follows in accordance with the Consumer Dispute Resolution Standards (notified by the Fair Trade Commission) and the standard terms and conditions for contracts. These provide standards of agreement or recommendations to reduce the possibility of disputes and resolve disputes smoothly, in accordance with Coway's principle of considering the customer's position first.

# Customer Satisfaction Activities

Coway's business model evolves with our customers, as we seek to gain their satisfaction and trust by offering them products and services directly at the point of contact. Through product and service innovation, we offer our customers new experiences and add value to their lives. By continuously examining customer satisfaction, we grow with our customers by providing them with personalized care throughout their lives.

In the summer of 2021, we introduced a special spare parts service for product hygiene management as part of a pilot project. In 2022, we made this a regular service and expanded its scope. We are also expanding communications to improve customer service by posting instructions, troubleshooting videos, and self-care videos for more products on our website. In 2023, we plan to expand the Reassurance Photo Service, which provides customers with post-inspection photos. This service is currently only available for ice water purifiers, but we plan to extend its scope to general water purifiers.

# Certifications and Awards for Customer Satisfaction Management



## Customer Satisfaction Management System (ISO10002) Certification

Coway has been recognized for its customer-service quality through the Customer Satisfaction Management System (ISO10002) certification from the Korean Management Registrar (KMR) for four consecutive years. The ISO10002 certification is an international certification awarded to businesses that systematically and reliably respond to customer needs and expectations according to the customer satisfaction management system standards established by the International Organization for Standardization (ISO). Following the first acquisition of ISO10002 certification in September 2019, Coway was found to be continually conformant at the 2022 renewal review and it has maintained the certification for four consecutive years.

## Consumer Centered Management (CCM) Certification

In 2021, Coway obtained the Consumer Centered Management (CCM) certification awarded by the Fair Trade Commission. Driven by firmwide digital transformation, we strive to improve customer experiences, listening to customers via online and offline channels and responding appropriately to customer feedback. We operate the Infinite Responsibility Committee under the direct control of the CEO to promptly reflect customer feedback in our business activities as a whole. We also introduced a systematic ethical management system to promptly respond to privacy incidents and other issues related to safety. We will take the lead in consumer centered management on the basis of digital transformation and sharpen our competitiveness to deliver world-class customer satisfaction.

## Designated the 2022 Customer Favorite in the Water Purifier/Bed Category

Coway was awarded first place in the 2022 Korea Net Promoter Score (KNPS) for water purifiers and beds, respectively, in the survey organized by the Korea Management Association Consulting (KMAC). The KNPS is a survey that models the willingness of customers to recommend a company's products and services to others based on their experiences, and the survey showed that Coway received many recommendations from customers. This award attests Coway's success in increasing customer value through continuous innovation and improving customer satisfaction with differentiated services.



# Customer Satisfaction Service Programs

## Reliable Photo Service

In recent years, consumers have become increasingly conscious of hygiene and in response, we are providing the Reliable Photo Service, which is available for customers who use Coway's iced water purifiers. This services enables users to check their products through photos sent by the Coway service CODY after maintenance visits. The professional service CODY thoroughly cleans the product inside and outside, and replaces water filters every two to six months as scheduled. Through the photos the service the CODY sends, customers can make sure that their products are well maintained and retain confidence in our service quality. In addition, we send an “e-maintenance card” to our customers before and after service visits by our CODYs to inform customers of how their products are maintained, and provide diverse customer services, such as FAQ services and live chats.

## Bidet Braille Guide Service

To facilitate the use of Coway bidets for the visually impaired, we offer bidet braille stickers that can be affixed to the control panel. Anyone who uses a Coway bidet can order these stickers through the Customer Service Center. Along with the bidet braille sticker kit, we provide an audio instruction manual to improve product accessibility for the visually impaired.

## Self-managing Products and Mobile Push Notification Services

In response to increases in contactless services in everyday life and changes in the major groups of consumers, Coway is introducing self-managing products that allow customers to self-maintain their appliances. Customers can readily maintain products without visits from a service CODY, by using the tools, self-management guides, and online user manuals we send on a regular basis.

We also send push notifications regarding when to replace and maintain filters. We provide our customers with peerless, customized services and communicate with them through push notifications for all service areas, including ordering, installation, maintenance, after-sales service, and returns. This saves our customers time and money without compromising convenience.

## Total Care Service

Coway has established and operated a new organization to provide total care services to strengthen sanitation services. As water is precious to our bodies, we use water purifiers to drink clean water. To provide clean water, water purifiers themselves must always be hygienic and clean. To ensure hygiene, Coway regularly visits customers through our Heart Service to replace filters, check tanks, and inspect the appearance of purifiers.

For some products, we also offer a total care service that provides one-time free replacement of water flow channels and faucets during the rental period. We are also working to prevent customer inconvenience by proactively identifying hygiene conditions and responding to risks before they occur. From the second half of 2023, we will implement a hygiene service that includes filter and parts replacements as well as hygiene checks to help manage the hygiene of the growing number of self-care customers.

# Customer Satisfaction Online Programs



## AR Smart Catalog

The AR Smart Catalog is a convenient contactless customer service we provide using Augmented Reality (AR) technology. The catalog allows customers to place a virtual product in real space in real size to see how the product would fit into the space. When users aim their smartphone at their desired location, a 3D image of the product is created on the screen. Users can compare up to three products by changing the colors and styles of the product and adjusting the location of the products on the screen.

Moreover, users can touch the control panels of the products as if they were real to experience the major functions of the products to experience and feel the products in detail. In the case of air purifiers, the AR Catalog shows major functions along with the air flow for each mode three dimensionally and suggests the ideal location for the product. The AR Catalog fuses the virtual products with the real space to allow customers to find ideal spots for the product in their space and experience the products virtually.

## Real-time CODY Matching Service

As the demand for contactless services is growing, we provide a real-time CODY matching service based on digital technology in order to efficiently meet the needs of customers. Over 12,000 CODYs across the nation are providing product-related counseling services to customers in real time. When a customer requests a counseling service, a CODY who is most familiar with the location of the customer is assigned to provide professional, customized service. We provide customers with the most convenient shopping environment possible by organically connecting our powerful offline sales infrastructure with online channels.

## Official Online Mall Coway.com

Coway.com, Coway's official online shopping mall, is a digital rental platform with upgraded commerce functions that allow customers to easily rent or purchase Coway products by comparing diverse products. The mall site helps customers find the right products for their needs by recommending products that suit their lifestyles. In line with recent consumption trends, Coway.com is expanding communication with customers. Through the company's own live commerce channel Coway Live, Coway plans to share useful information with customers through online housewarming parties, best reviews, and other diverse contents.



# Customized Product Development

Coway always puts itself in its customers' shoes and asks, "How can we make their lives easier?" We continuously expand our research and development capabilities to offer products and services that customers really need.

### Case 1

#### WINNER, a Competitive B2B/B2G Air Purifier

We developed the WINNER model, a B2B/B2G customized model that is the smallest 35-pyung (1245 sqft) air purifier in its class. It boasts class 1 energy consumption efficiency and provides a ventilation alarm by applying a CO2 sensor. In addition, Coway has developed a filter system optimized for B2B/B2G environments, providing convenience by enabling easy management and replacement of multiple filters.



### Case 2

#### SkinPlus Water Softener

In August 2022, Coway launched the SkinPlus Water Softener, which allows customers to select different types of water according to their lifestyle. SkinPlus Water Softener is a product that uses double-composite filters to provide three types of water, including clean water, soft water, and functional water that protects skin health. In addition, Coway introduced a “Vita-Matching Capsule System” consisting of moisturizing capsules, cleaning capsules, and therapy capsules so that customers can choose functional water according to their skin type. The SkinPlus water softener has a user-friendly drawer-type regenerant replacement structure with easy filter removal. The display on the front of the product shows the water temperature and usage, as well as the remaining amount of regenerant and the filter status.



### Case 3

#### icon Water Purifier 2

The icon water purifier 2 is the official successor to the Icon water purifier launched in 2020. The new version maintains the concept of "innovation in space, hygiene, and management" and upgrades the original product to reflect customer VOCs. The main feature of the Icon purifier 2 is that it has dramatically enhanced hygiene. The faucet that can be contaminated by contact with the air can be easily removed. It has a 7-inch filter that removes a total of 94 harmful substances, including algae toxins, and the hot water temperature has been upgraded to 4 stages, including ultra-hot water of 100°C, whereas the previous version offered only 1 stage. The new product also incorporates artificial intelligence (AI) technology that manages the device status and has been certified for AI+ artificial intelligence quality by the Korea Standards Association. The Icon water purifier 2 has also been recognized for its product excellence in various fields, earning the highest level of Water Taste Quality certification, Grand Gold, from the Korea International Sommelier Association.



### Innovations in icon Water Purifier 2

		2020 icon		2022 icon	Certifications/Awards
Inherited first-generation DNA	Innovations in space and noise	Utilized the space in front		Maintained front space utilization	Design awards
		Customized colors		Customized colors & materials	Quiet mark
		Obtained the Quiet mark			
Generation 2 upgrades	Innovation in convenience	1 stage of hot water		4 stages in the hot water system	AI+ certification
		Filter change alarm (app only)		Filter/flow change alarm (app+product)	
		Smart fault diagnostics/voice guide		Smart diagnostics/voice guide upgrade	
	Innovation in management	4 stages of water volume		4 stages of water volume + My (personal) capacity in 10 ml increments	Water taste certifications (domestic and international)
		6-inch filter (removes 92 substances)		7-inch filter (removing 94 substances including algae toxins)	
		4-month replacement		6-month replacement (self-care convenience ↑)	
		Replace flow module		Expanded flow range/added faucet replacement/convenience ↑	QPM certification
		Unable to sense filter/flow replacement		Sensing and historical information to confirm filter and flow path replacement	
		UV faucet sterilization		UV faucet sterilization	



Digital Transformation - Application of IoT and AI Technologies

Smart Diagnostics

Coway is improving customer convenience by introducing smart diagnostics and filter detection functions that apply advanced technologies such as IoT and AI to its products. The Icon Water Purifier 2, launched in June 2022, is a product with an intelligent diagnosis function that manages the status of the product. Customers can monitor the status of the device in real time using the accurate, intelligent AI diagnosis and find a solution immediately through the loCare app.

Problems detected by smart diagnostics are forwarded to the server for prompt remote diagnosis and after-sales service. In addition, Coway is implementing the “smart filter sensing” function for water purifier self-management. AI automatically checks the lifespan of the water purifier filter and reminds users when it needs replacement and the product self-manages all aspects of hygiene, such as automatically cleaning the filter.

loCare Remote Control

loCare (Internet of Care) is a service that accurately identifies customer needs through advanced technology and provides contextual and customized solutions for each customer. Recently, Coway has been maximizing customer convenience by providing loCare remote control services that allow customers to control these loCare services from anywhere. A leading example of loCare utilization is our Silver Care Service, which meets the needs of customers who are worried about their elderly parents by setting a specific person to be contacted if the water purifier is not used for 48 hours. Coway plans to continue its efforts to minimize inconvenience and maximize convenience in daily life through customized care based on IoT technology.



AI+ Certification

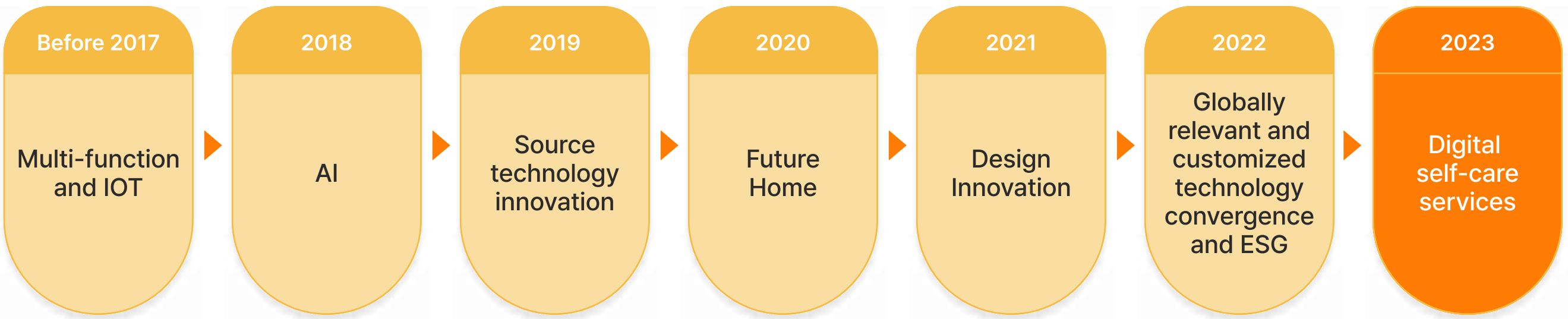
AI+ certification is the world's first quality certification for artificial intelligence technology, jointly developed by WISESTONE and the Korean Standards Association (KSA). Coway's icon water purifier and icon ice purifier support smart product management through AI technology. The AI smart diagnosis function monitors the status of the product in real time and provides guidance on how to resolve any abnormalities. Ours is the first ice water purifier to be certified as AI+ and recognized for its smart technology.



Our progress in innovations over the years

2023 Concept: Digital self-management service innovation (repair and management)

In 2023, in order to expand in the global market and respond to self-management and online trends, we introduced technologies that make it easy and convenient for customers to manage their own products. The AI digital technology embedded in our products makes it easier for customers to identify problems and perform the correct necessary actions, and we have applied customer-centered technologies that make it simple for users to manage their products themselves.



- In 2019, as direct water products gained popularity in the water purifier market, Coway developed the Shiru Direct Water Purifier, demonstrating a leading application of technology.
- In 2020, the “future home” became the new trend in residential environments, and Coway won the CES Innovation Award for the fifth consecutive year for exhibiting DoubleCare, a four-season garment purifier that can care for clothing with existing air purifier technology.
- In response to the growing interest in space in 2021, Coway launched the Icon Series, a design innovation that broke conventions.
- In response to the diversification of consumer lifestyles in 2022, Coway launched an ultra-compact ice purifier specialized for one or two people, and developed products that take into account the living environment and culture of each country in the global market. In addition, we created social value by developing innovative products such as eco-friendly products and products for the socially disadvantaged.
- In 2023, we embedded digital features into our products to enhance the convenience of self-care services and digitized all of our services, including consumable replacement cycle reminders and filter collection.



Research and development Capabilities


### Research and development Investment and Performance

As a leading South Korean green home appliance company, Coway continues to invest in research and development to build on its experience and fulfill its sense of responsibility. In 2021, building on its strong domestic position, Coway entered overseas markets and developed strategic products optimized for the global market. By introducing locally adapted products that reflect the culture and living environment of each region, Coway achieved the highest sales performance in its history overseas. We also developed market-leading innovative products that meet global ESG consumer trends and are in line with changes in living environments and consumer trends. Through the convergence of technologies and products, we are improving product quality and laying the foundation for sustainable growth. We also accelerated the development of new growth products through active external collaboration with OEMs and ODMs. In 2022, Coway will continue its global growth by strengthening its technologies and sparing no effort to develop new product lines.

Top Three Research and development Performance Achievements in 2022


#### 1. Smart Mattress (new brand BEREX)

Smart mattresses allow users to change the hardness of their mattresses according to their daily physical conditions and preferences. Coway BEREX's unique mattress smart control system allows users to manually or automatically adjust the mattress hardness to suit their preferences, body type, and sleeping position. The mattress allows users to adjust to all hardness levels by varying the air pressure and furthermore, control each of the 80 sleep cells to adjust the hardness on the left or right sides and adjust for various body parts for optimal comfort.




#### 2. icon Ice Water Purifier

The icon ice water purifier is part of Coway's icon water purifier series, which incorporates Coway's advanced technology to provide all the innovations needed in the kitchen. The icon features a compact size and delivers fast and abundant ice making performance and enhanced hygiene. The icon is the smallest ice purifier in South Korea, measuring 24 cm across and 47.3 cm on the sides, which is approximately 40% smaller than previously released ice purifiers. Its compact size greatly improves the utilization of kitchen space. With dual rapid ice making, the Icon takes about 12 minutes to make a single ice cube, produces up to 600 ice cubes per day, and has a four-stage customized hot water function that includes 100-degree ultra-hot water. By passing cold air through the ice unit twice, the weight of the ice is increased by 21.6% in the same amount of time, and the time is reduced by 11.6% for the same weight, increasing the amount of ice made per day. Coway received the IR52 Jang Young-shil Award in recognition of this innovative technology.



#### 3. Development of technology-driven products specialized for the global market


In the global market, we developed products specialized for each country's usage environment. In Japan, we developed an installation-free water purifier to solve the problem of installation constraints while in Southeast Asia, we developed a water purifier with a large capacity RO filter that can be installed in ultra-low water pressure areas and enhanced hygiene. In the Americas, we developed a filter to remove forest fire hazards in the Mighty Air Purifier.



Open Innovation


#### 1. Acquisition of TUV-SUD accredited laboratory status

Coway has obtained the testing laboratory qualifications for TUV-SUD anti-bacterial microorganisms (ISO 846, ISO 22196) and harmful mattress substances (ISO1600-3,6,9). Through its designated laboratories, Coway has gained credibility for self-assessment and proved its ability to verify quality according to international standards. We will continue to provide products and services that customers can use with confidence based on enhanced hygiene quality and reliability.



#### 2. Establishment of a water quality certification system

In order to secure objectivity and fairness in evaluating excellence in water taste, Coway developed authorized evaluation indicators in collaboration with the Korea International Sommelier Association and introduced the Water Taste Quality Certification System. As of 2022, a total of 59 products (35 RO type and 24 NT type), including our Icon water purifier 2.0 and Icon ice water purifier, acquired the Water Taste Quality (WTQ) certification. In the future, we will acquire the WTQ certification for all products to provide cleaner and more delicious water to customers and conduct continuous research on water taste.





# Information and Marketing

## Customer Communication Channels

### Coway.com

Sharing product information and various brand stories and offers through the company mall



Coway Website



### Coway Social Media Channels

Sharing product information and administering customer engagement events through various social media channels



Kakao



Instagram



YouTube



Twitter



Naver Post



Facebook

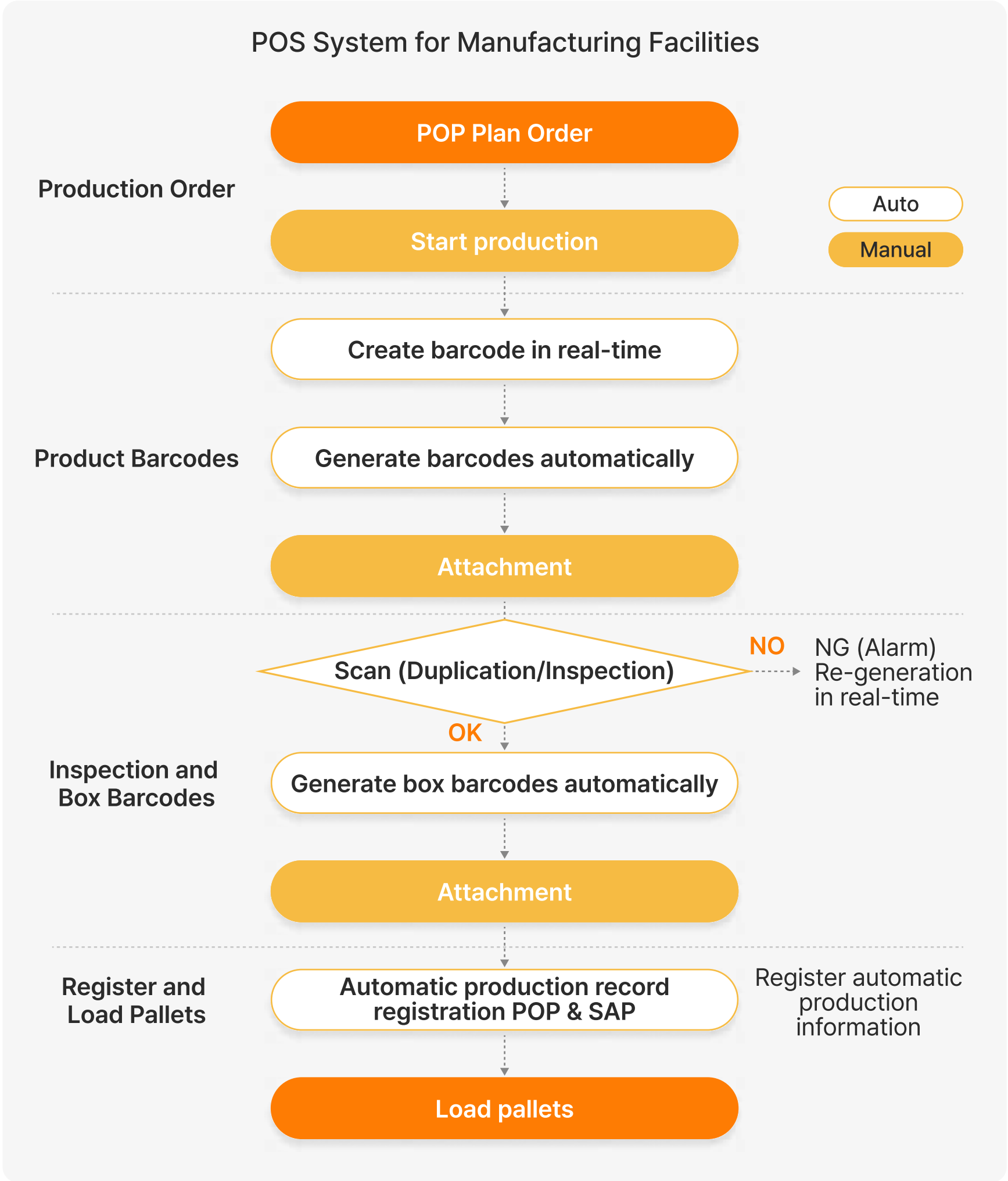


## Review Process for Display Advertising

To ensure that our promotional materials (television, internet and outdoor advertising, HP product detail pages, etc.) provide consumers with accurate information and to avoid misinformation, we follow the “Legal Guidelines on Display Advertising” and review the content with product planners, developers, and lawyers. We also follow the “Guidelines on Test Results” to communicate the details of our marketing messages.

## Management of Product Labeling Errors and Risks

Since 2007, Coway has introduced a production information (POP) system for its manufacturing facilities to computerize traceability information and logistics flow through product labeling. A total of seven stages of verification are conducted from production to shipment, and conformity is determined by scanning barcodes attached to products and notifying and controlling duplicates or errors when they are detected.





# Human Rights Management Principles & Guidelines

## Human Rights in Business

Coway considers human rights management as a top priority in all its activities. Coway promotes human rights management by evaluating human rights issues that may arise in all activities and establishing improvement procedures for remedying human rights violations. The BOD is the highest decision-making body overseeing the human rights management system. The BOD includes an ESG Committee and makes all decisions on sustainability management, including human rights management. The human rights management is an important topic of discussion addressed in the social sub-consultative group centered on the ESG Consultative Group. The sub-consultative group includes the heads of social-related organizations and representatives from the departments and each office unit.

The Human Rights Management Strategy is led by the Human Resources Office of Coway's Business Support Division. Other departments included in the working group implement response tasks to address the risks and opportunities related to human rights management. We share and report our performance and plans through the ESG Consultative Group four times a year. Some of the contents related to human rights management shared at the previous ESG Consultative Group are presented as sub-agendas of the ESG Committee, and decisions are made through the final report to the BOD.

In addition to being a matter for voluntary corporate responsibility, human rights management is also stipulated by law, and Coway is reviewing and reinforcing its human rights management system accordingly.

As the starting point of this effort, Coway redefined its human rights management system in 2022, including revisions to its human rights policy, and established a strategy to implement mid- and long-term progress in human rights management in stages.

## Human Rights Policy

Coway respects the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights established by the UN Commission on Human Rights. We also comply with the standards of labor, human rights, and working conditions in all nations and regions where our factories are located. Our Human Rights Policy applies to all our stakeholders, including customers, suppliers, sales and service partners, and local communities, in addition to our employees.

Coway is also participating in the UNGC Business and Human Rights Accelerator Global Intensive Course in 2023 to internalize the UN Guiding Principles on Business and Human Rights and establish clear guidelines for promoting human rights in our business activities.

Legislation on human rights protection is expanding in South Korea and abroad, and in response, Coway revised its Human Rights Policy in 2022 to put into practice concrete step by step plans for incorporating human rights protections into its business management and effectively manage human rights risks. We added new clauses on "Freedom of Association," and "Responsible Mineral Sourcing" while removing elements that overlap with others and have potential for misinterpretation and ambiguity. We also further clarified all elements to clearly indicate the directions of our Human Rights Policy.

Our Human Rights Policy consists of the following 12 elements: 1. Non-Discrimination; 2. Prohibition of Child Labor; 3. Prohibition of Forced Labor; 4. Working Hours; 5. Humane Treatment; 6. Health and Safety; 7. Freedom of Association; 8. Responsible Mineral Procurement; 9. Health and Safety of Consumers; 10. Responsible Marketing; 11. Privacy; and 12. Protection of the Human Rights of Local Residents.

### Decision-making Structure for Human Rights Management



### Roadmap for Human Rights Management by Stage



Human Rights Policy



Coway Human Rights Checklist

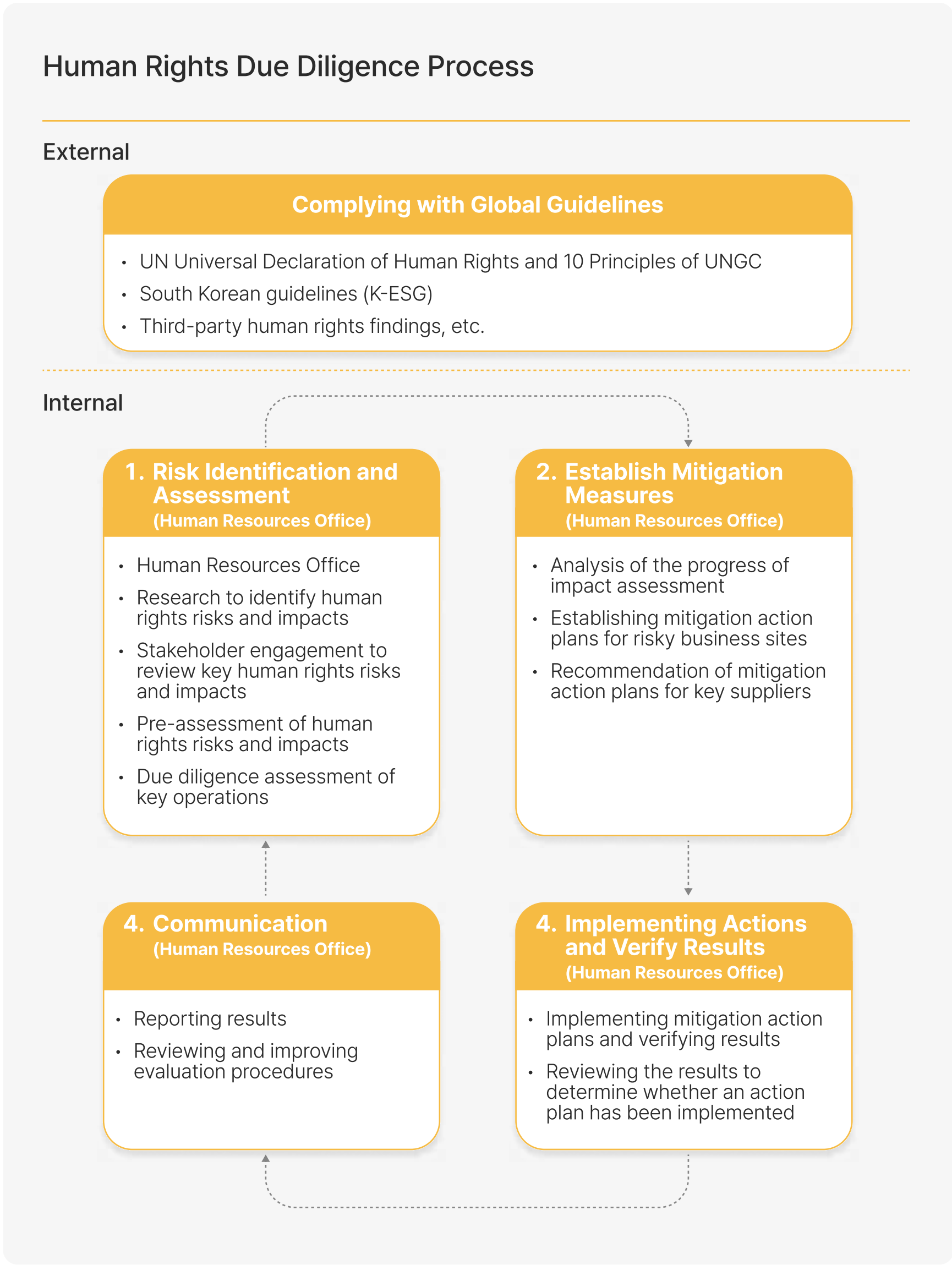
Non-discrimination	Prohibit discrimination based on race, age, gender, body, religion, etc. in employment, including in the conduct of hiring, firing, wages, compensation, and training.
Prohibition of Child Labor	Do not hire employees below the minimum employment age in each country and hire in compliance with labor relations laws.
Prohibition of Forced Labor	Ensure conditions of employment are voluntary and without undue restraint of mental or physical freedom.
Compliance with Working Hours	Overtime work must be voluntarily agreed to by workers and paid.
Humane Treatment	Prohibit inhumane treatment and provide protection and remedy in the event of harm.
Safety and Health	Provide a safe work environment.
Freedom of Association	Ensure freedom of association and bargaining rights according to labor relations legislation.
Responsible Mineral Sourcing	Prohibit the use of raw materials obtained through illegal and unethical means.
Consumer Safety and Health	Comply with consumer safety and health guidelines when providing services.
Responsible Marketing	Create advertising or marketing that conveys accurate facts to consumers without exaggeration.
Protecting Privacy	Respect individual privacy and make every effort to take necessary steps to protect privacy.
Protecting the Human Rights of Local Residents	Protect the human rights of residents in the region where operations are located.

Identification and Mitigation of Human Rights Risks

Risk Identification

Coway monitors human rights issues on a regular basis following the established process for risk identification and mitigation to eliminate potential human rights risks in advance for human rights protection. Coway's human rights risk identification and mitigation process consists of the following four steps: (1) Risk Identification & Assessment, (2) Establishment of Proper Mitigation Actions, (3) Tracking Implementation and Results, and (4) Communication.

We identify human rights risks by conducting surveys among stakeholders, including suppliers, customers, and local organizations. In cases where important risks have been identified in the human rights impact assessment, we suggest to the relevant factories and suppliers that they draw up action plans to address such issues.





Due Diligence on Human Rights and Labor Conditions in the Supply Chain

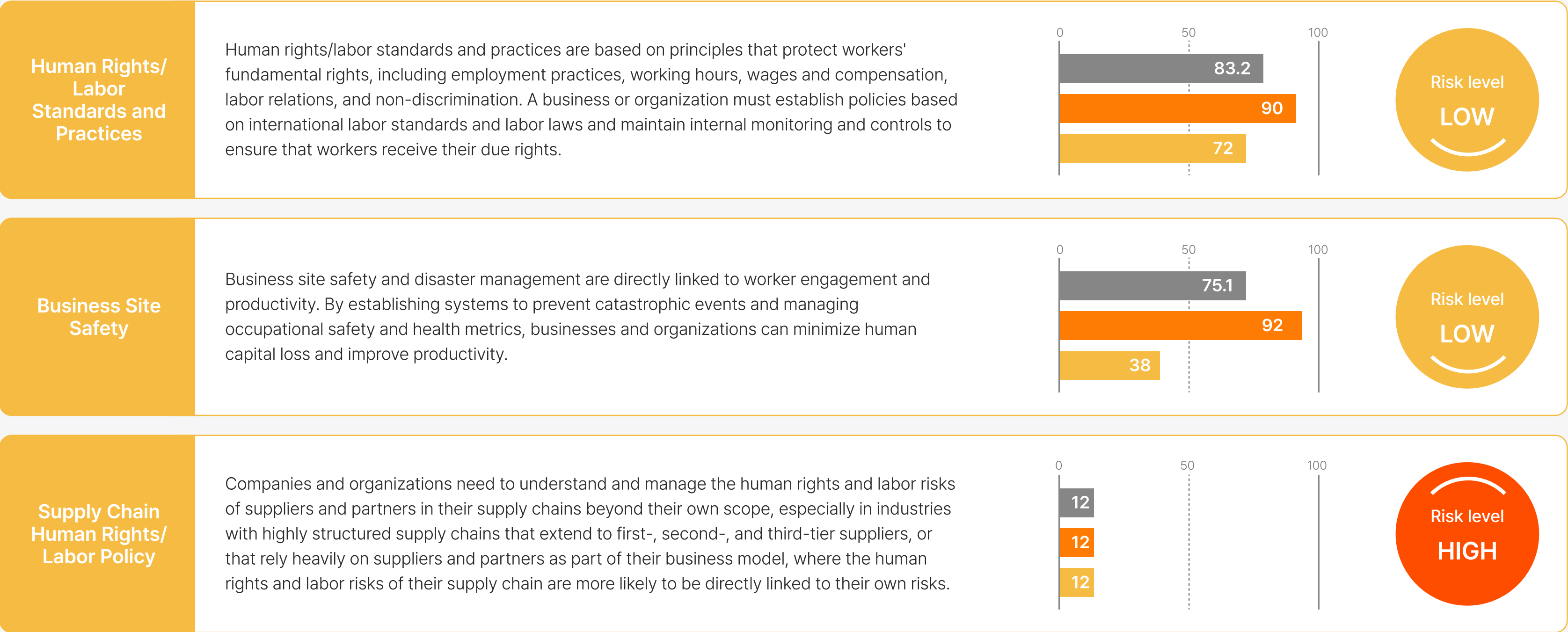
Coway requires all suppliers to comply with the Supplier Code of Conduct and conducts ESG diagnostics of key suppliers to identify potential ESG risks in the supply chain. When suppliers do not meet certain standards, Coway requires remedial actions.

In 2022, human rights and labor due diligence on our key suppliers was conducted by an external expert (QESG).

Comprehensive Results

In the area of human rights and labor, we found that Coway's suppliers have adequate human rights and labor standards and practices and workplace safety management systems. Nonetheless, certain improvements were needed in their human rights and labor management, such as obtaining safety certifications and expanding across the scope of the supply chain.

Human Rights and Labor Sub-sectors

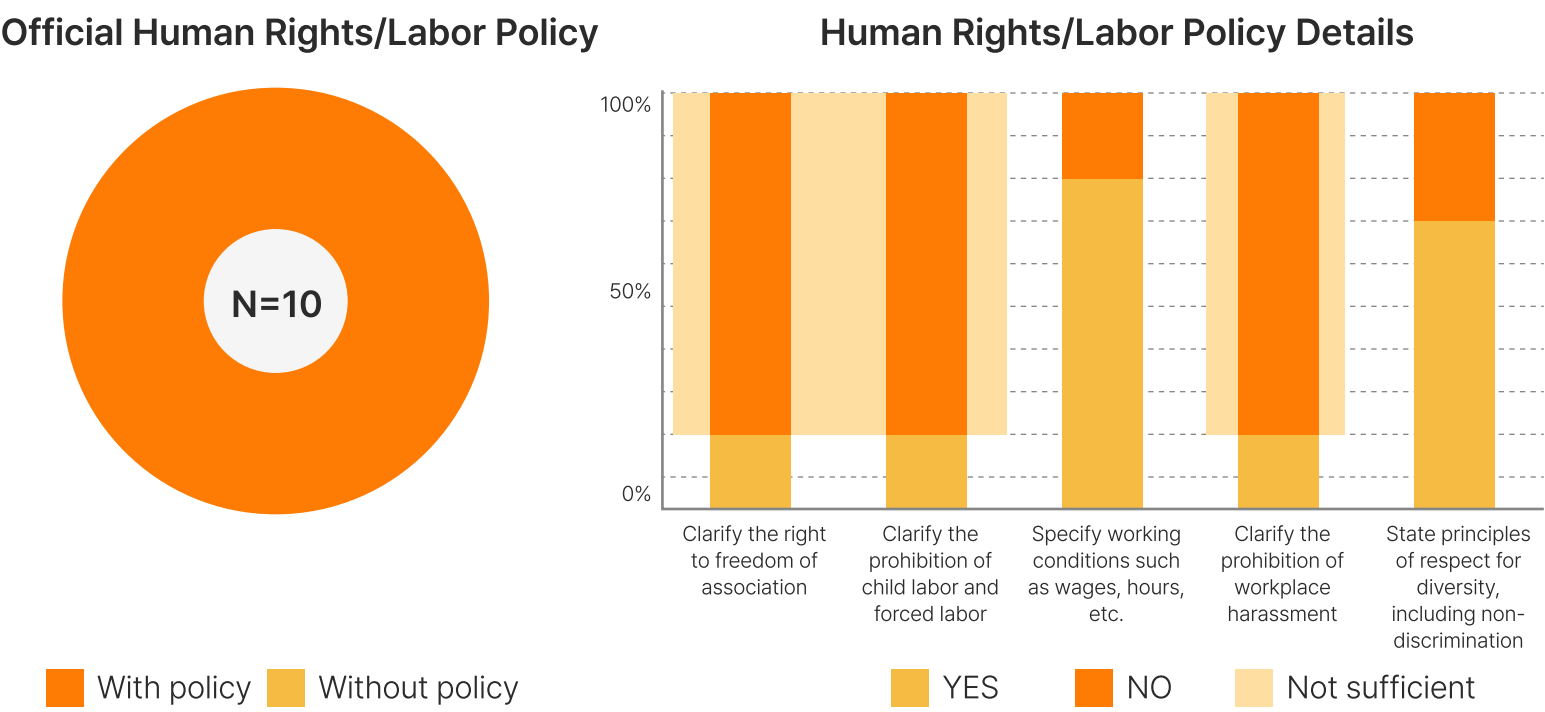


Risks and Opportunities

1. Policy on Human Rights and Labor Standards

While the suppliers we assessed had established formal human rights and labor policies, there was less consideration given to addressing global human rights standards such as freedom of association, child labor, and the prohibition of forced labor as part of their management agenda.

While 100% of the suppliers surveyed have formal human rights and labor policies, their policies are limited to employment rules, which leads to some gaps in human rights-related provisions such as ensuring freedom of association and prohibiting child labor and forced labor.

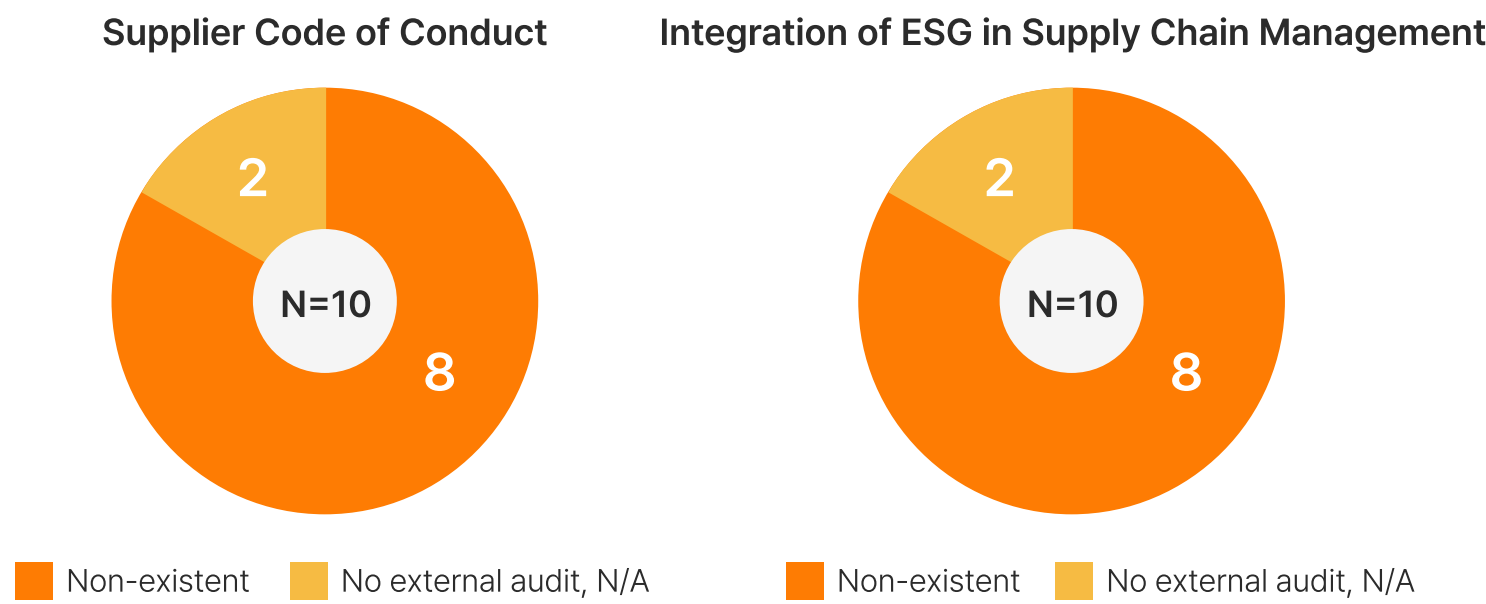


1. We plan to establish the necessary human rights and labor policies, including international standards, not just minimum standards such as employment rules.
2. Prohibiting workplace harassment and discrimination is a minimum legal requirement under the Labor Standards Act. For policies that are required by law, we plan to make sure that they are clearly stated in the company's bylaws, employment rules, etc.

2. Supplier Code of Conduct

It was found that the assessed suppliers do not have a code of conduct or fail to properly conduct ESG assessments. In order to secure the ESG soundness of our secondary suppliers, Coway shall begin by supporting our primary suppliers to establish a supply chain ESG management system in the mid- to long-term.

None of the suppliers surveyed had documented regulations or policies on human rights and labor to follow, and there was a lack of integration of ESG factors into their decision-making on transactions with suppliers.

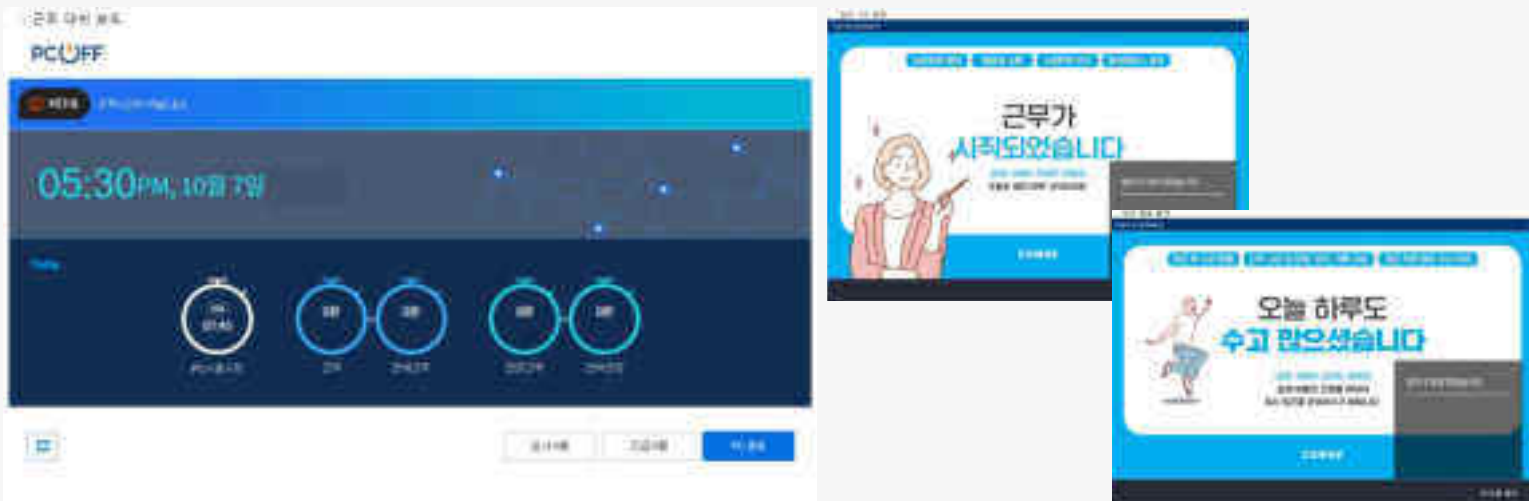


1. Companies that fail to manage ESG risks in accordance with global supply chain ESG standards will find it difficult to gain a competitive advantage when exporting. Therefore, we will guide our suppliers in the supply chain to have a documented code of conduct.
2. In order to extensively manage supply chain ESG risks down to the level of Coway's secondary suppliers in the mid- to long-term, we plan to support and require primary suppliers to manage their supply chain and provide the necessary support.

# Mitigating Human Rights Risks

## 1. Operation of an electronic work-hour management system

Coway records and manages working hours to ensure that employees do not work more than the legal maximum duration (52 hours per week). Coway also introduced flexible working hours to enhance flexibility and efficiency in working hours.



## 2. Implementation of Mutual Respect Human Rights Education

Coway provided human rights management training to all employees to enforce their labor rights and spread a culture of respect for human rights within the company. Through the mutual respect human rights training program, employees learned the importance of human rights management and contributed to the creation of a healthy internal culture, with efforts to prevent sexual harassment in the workplace and improve disability awareness.





# Social Contributions Reflecting Coway's Values

Coway performs corporate social contribution activities to ensure a prosperous future that preserves the precious value of nature. To achieve shared growth with local communities while preserving the integrity of the environment, we fulfilled our CSR utilizing our strong expertise in water and air and digital competitiveness, contributing to building a better society.

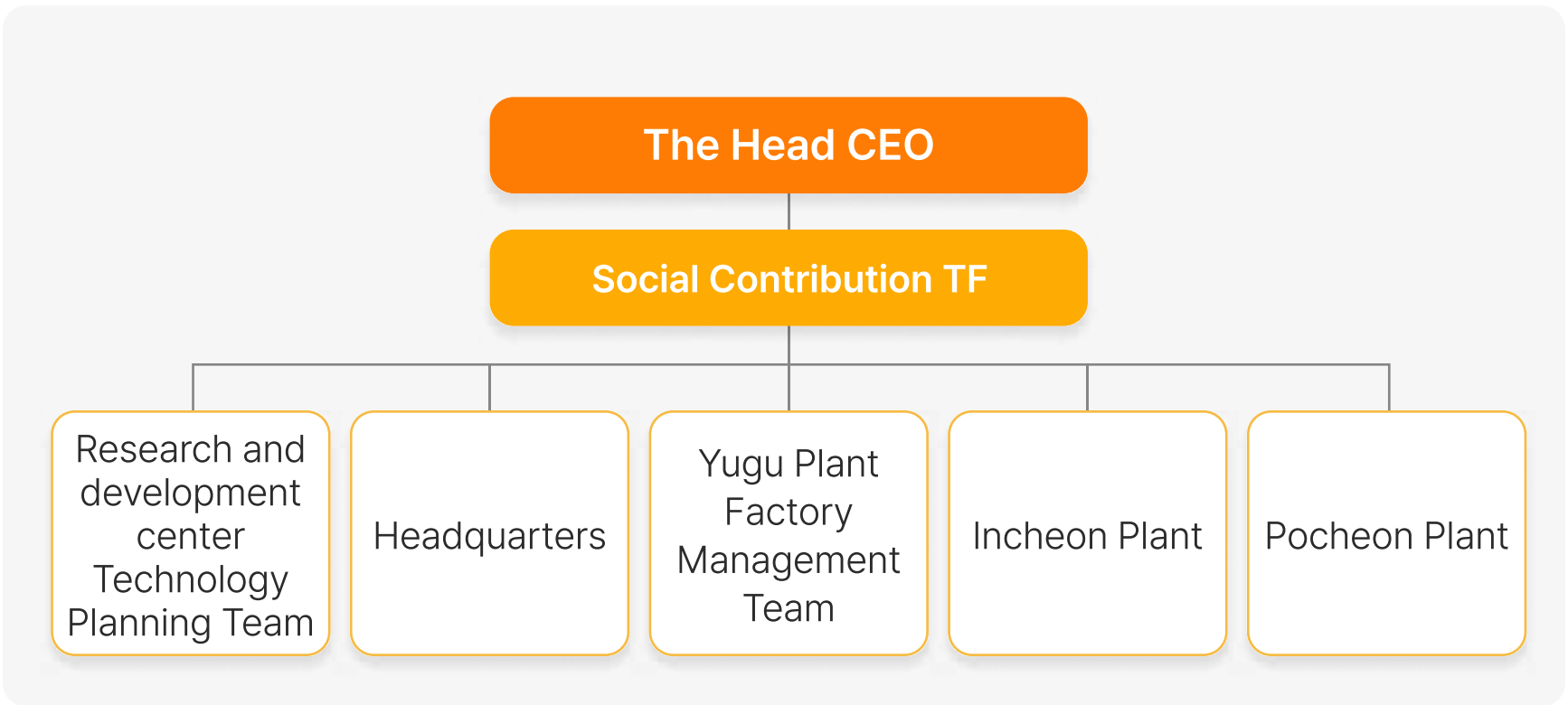
## Social Contribution System

Coway's social contribution goes hand in hand with our vision of becoming the "Best Life Solution Company." We actively participate in social activities to fulfill our social responsibility and contribute to sustainable development. Our social commitment is expressed in our motto, "Good Wave for People and the Environment", and we prioritize the environment and people in all our social activities. We develop and implement programs to grow together with local communities, leveraging our experience and expertise as the "Best Life Solution Company." In determining our social activities, we consider the severity of social issues in target areas and their relevance to our business.



## Socially Responsible Organization

Coway's dedicated organization for social contribution is the Social Contribution Task Force, within the Communication Office. The TF team is responsible for establishing company-wide social contribution strategies, operating social contribution programs in conjunction with local communities at each of Coway's sites, and communicating about social contributions at each site.



# Commitments for Clean Water and Air

## Social Contribution Policy

Coway is committed to keeping its promise to create a healthy living environment and improve the quality of life for all communities by providing clean water and air as part of its CSR activities. We donate water purifiers and air purifiers to underprivileged communities to share the value of cleanliness. We continue to increase our CSR activities through sustainable, mid- to long-term programs, rather than just one-off events, and build trust with local communities.

















Our major social contribution activities include the Water for Life program which aims to improve water quality in groundwater polluted areas, the Clean Air Program to improve the indoor environment of multi-use facilities in urban air polluted areas, environmental education programs for children, and campaigns to plant specialty tree species to preserve biodiversity.

## Social Contribution Activities

Social Values

Coway is committed to creating a world where people and the environment coexist harmoniously. Our social activities are made possible by the contributions of all employees and spread a positive influence in local communities.

In line with Coway's social trends and ESG management policy, Coway establishes and implements win-win projects to improve the quality of life and self-reliance of vulnerable social groups.

Region Area		Activities		Achievements	Social Impacts	Business Impacts			
Domestic	Environment	Clean School Classroom Forest	<ul style="list-style-type: none"><li>Donation of air purifying plants to elementary schools</li><li>Biodiversity and environmental education programs</li></ul>	Air purifying plants 1,144	<ul style="list-style-type: none"><li>Providing a healthy educational environment that brings students closer to plants</li></ul>	<ul style="list-style-type: none"><li>Raising awareness of environmental appliance company Coway and presenting its future prospects</li></ul>			
		Creating a forest of civic engagement	<ul style="list-style-type: none"><li>Participation of 70 companies in the creation of a forest of carbon-reducing tree species in Hongcheon, Gangwon Province.</li></ul>	Ash trees 34,015	<ul style="list-style-type: none"><li>Preserving biodiversity and contributing to carbon neutrality</li></ul>	<ul style="list-style-type: none"><li>Participation of 70 companies in a joint project, creating opportunities for future business collaboration</li></ul>			
	Water	Safe Groundwater Initiative	<ul style="list-style-type: none"><li>Supporting water purification in rural groundwater contaminated areas</li></ul>	Total installations: 1,034 units	<ul style="list-style-type: none"><li>Providing water purifiers and free inspections to help people in rural areas with groundwater contaminated have access to clean drinking water.</li></ul>	<ul style="list-style-type: none"><li>Expanding market opportunities based on increased product awareness in the regions we operate in</li></ul>			
	People	Support for vulnerable children	<ul style="list-style-type: none"><li>Donation of KRW 30,000 per product rental</li><li>Back-to-school support for underprivileged children</li></ul>	Donation: KRW 69.65 million	<ul style="list-style-type: none"><li>Spreading a culture of good consumption that leads to giving</li></ul>	<ul style="list-style-type: none"><li>Increased public awareness and recognition of good deeds</li></ul>			
	Air	Improving experiences for vulnerable populations	<ul style="list-style-type: none"><li>Providing air purifiers to vulnerable households and assisting in replacements</li></ul>	Total installations: 477 units	<ul style="list-style-type: none"><li>Reducing the human health impacts from fine dust</li><li>Support for rainwater harvesting in vulnerable areas</li></ul>	<ul style="list-style-type: none"><li>Making air purifiers a household staple and expanding the market size</li></ul>			
Overseas	Water	Support for rainwater harvesting	<ul style="list-style-type: none"><li>rainwater harvesting to water-stressed areas</li></ul>	Installations: 1,006 households	<ul style="list-style-type: none"><li>Supporting rainwater harvesting in vulnerable areas with limited access to clean drinking water</li></ul>	<ul style="list-style-type: none"><li>Expanding market opportunities based on increased product awareness in the regions we operate in</li></ul>			
	People	We Stand As One	<ul style="list-style-type: none"><li>Donation of water purifiers and air filters to orphanages</li><li>Providing groceries and necessities to low-income families</li></ul>	Air purifiers: 104 units Water purifiers: 3 units	<ul style="list-style-type: none"><li>Overcoming the COVID-19 pandemic and stabilizing low-income livelihoods</li></ul>	<ul style="list-style-type: none"><li>Contributing to international business growth</li></ul>			

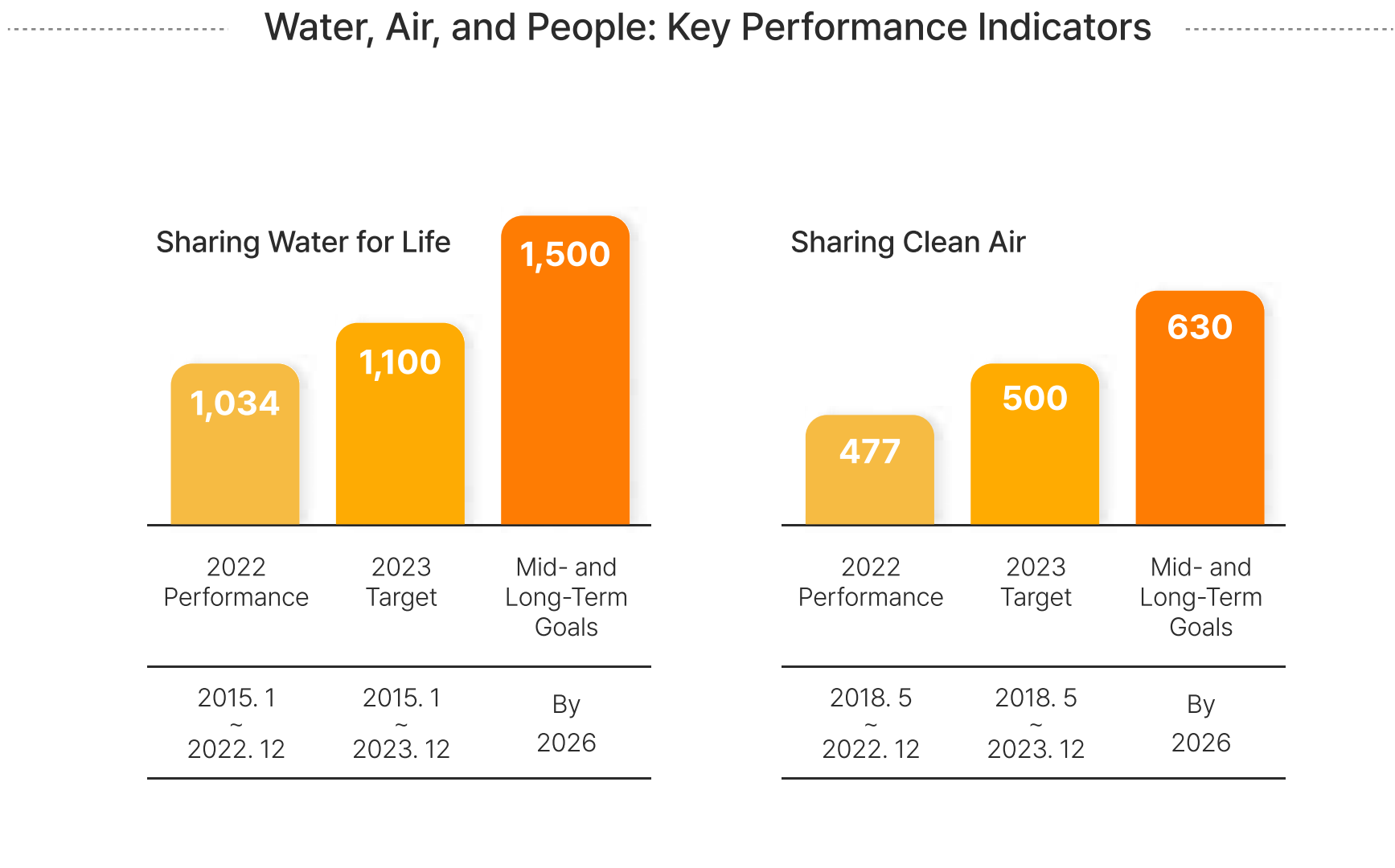


Case

River Flogging

Coway conducted an ocean cleanup campaign in partnership with employees and the general public to raise awareness of water pollution and remind us of its importance.

The goal of the Coway River Flogging Campaign 2022 was to keep rivers and oceans clean and spread a culture of eco-friendly practices in everyday life through activities such as running or walking in waterfront areas during vacations and picking up trash. We provided biodegradable bags, eco-friendly tweezers, and gloves, and more than 400 people participated in picking up marine litter. We plan to continue the campaign to remind people of the importance of water and raise community awareness of marine litter through easy activities in the valley and by the sea during vacation seasons.



Social Contribution Goals

By 2025, Coway aims to strengthen its social contribution policy based on cooperation and connection by incorporating solutions to environmental and community issues into its social contribution policy. Coway will enhance related policies and programs by reinforcing linkages to its core businesses, the Sustainable Development Goals (SDGs), and community issues, in alignment with the philosophy, direction, and purpose of Coway's social contributions. Coway also plans to establish regular consultation channels with local communities and measure and analyze the impact of its social contribution activities based on the target audience.

	2023	2024	2025	Performance
Goals	(Environment) Enhancing social contribution programs for biodiversity conservation (Social) Actively engaging with the community and measuring and analyzing impacts			Disclosure in sustainability reports and the website
Scope of Measurement	Environment	Environment/ Social	Environment/ Social	





# Governance

## Corporate Governance

### Responsible Management Centered on the BOD

The Coway Board of Directors (BOD) has a reasonably robust corporate governance structure featuring effective checks and balances and experts' decision-making power on corporate management allocated by shareholders in accordance with relevant laws and the articles of association. The BOD is responsible for coordinating the interests of stakeholders, monitoring investments and inside transactions, and deliberating and approving transparent compensation, while managing overall corporate risks. It also strives to improve transparency and efficiency of business management.

Coway Corporate Governance Report 2022 >

### Current Status of the BOD

Name	Position	Gender	Professional experience		Appointed date
Jun-Hyuk Bang	Executive director (Chairman)	Male	2020 ~ Current 2014 ~ Current 2011 ~ 2014	BOD Chairman, Coway BOD Chairman, Netmarble Executive Advisor, Game Business Division, CJ E&M	2020.02.07
Jang-Won Seo	Executive director (CEO)	Male	2021 ~ Current 2020 ~ 2021 2020 ~ 2020 2019 ~ 2019 2015 ~ 2018 2001 ~ 2015	CEO, Coway Head of Corporate Management Division, Coway, CFO Head of Coway TF, Netmarble Officer in Investment Strategy and Communication, Netmarble Officer in Management Strategy, Netmarble Senior U.S. Attorney, Sejong Law Firm	2020.02.07
Sun-Tae Kim	Executive director	Male	2021 ~ Current 2019 ~ Current 2016 ~ 2021 2013 ~ 2015	Head of Corporate Management Division, Coway, CFO / Auditor, iOBED Non-executive director, Coway Entec Director of Business Management, Coway Head of Budget Management Team, Business Planning Team, Coway	2023.03.29
Jin-Bae Kim	Independent director	Male	2001 ~ Current 1997 ~ 2001	Professor in Business Administration, Korea University Assistant Professor, Boston University	2020.02.07
Kyu-Ho Kim	Independent director	Male	2021 ~ Current  2015 ~ 2020 2013 ~ 2014	Professor (focused on academic-industrial cooperation), Ewha Womans University  Professor (focused on academic-industrial cooperation), Sogang University Executive Director, Media Solution Center of Samsung Electronics	2020.02.07
Bu-Hyun Yoon	Independent director	Male	2020 ~ Current 2018 ~ 2020 2012 ~ 2018  2009 ~ 2011 2007 ~ 2008	Advisor, LG Display Advisor, LG Uplus Executive Director, Management Planning of MC Business Group, LG Electronics  Managing Director in Charge of Finance, LG Electronics Managing Director in Charge of Management Planning, LG Electronics	2020.02.07
Gil-Yeon Lee	Independent director	Female	2009 ~ Current 2019 ~ Current  2018 ~ 2020 2013 ~ 2017 2011 ~ 2013 2010 ~ 2016 2008 ~ 2014	Attorney at Hokma, a law firm Member of Human Rights Management, the Korea Copyright Protection Agency  Member of the Administrative Appeals Committee, the Board of Audit and Inspection Member of the Law Interpretation and Deliberation Committee, Ministry of Government Legislation Special member of the Special Committee of the Legal Ethics Council, Korean Bar Association Arbitrator of the Seoul City Environmental Dispute Mediation Committee Adjunct professor at Inha University School of Law	2022.03.31



## BOD Activities in 2022

In 2022, total 6 board meetings were held, with an average attendance rate of 100%.

Round	Date	Agenda	Result	Attendance rate
1	2022.02.15	1. Approval of the 33rd financial statements and business reports	Approved	100%
		2. Convocation of the 33rd regular general shareholders meeting	Approved	
		3. Decision on dividends for the 33rd period	Approved	
		4. Approval of transactions with stakeholders (sales and purchases)	Approved	
		5. Approval of transactions with stakeholders (debt guarantees)	Approved	
		6. Approval of transactions between directors and the company	Approved	
		7. Report and approval of the 2022 Safety and Health Plan	Approved	
		8. Report on the status of internal accounting management operation by the CEO and internal accounting manager	Approved	
		9. Reporting of the Audit Committee's inside accounting management system evaluation report	Reported	
		10. The 4th quarter 2021 performance report	Reported	
2	2022.03.08	1. Decision to determine the method of granting stock options	Approved	100%
		2. Approval of transactions between directors and the company	Approved	
3	2022.05.12	1. Amendment to the Executive Compensation Policy	Approved	100%
		2. Approval of transactions between directors and the company (Netmarble N2)	Approved	
		3. The 1st quarter 2022 performance report	Reported	
4	2022.08.09	1. Approval of transactions with stakeholders (debt guarantees)	Approved	100%
		2. The 2nd quarter 2022 performance report	Reported	
5	2022.11.09	1. Appointment of additional members to the ESG Committee	Approved	100%
		2. The 3rd quarter 2022 performance report	Reported	
6	2022.12.13	1. Approval of transactions with stakeholders	Approved	100%
		2. Approval of the business plans for 2023	Approved	
		3. Report on the approval of the Management Committee	Reported	
		4. Reporting of the agendas approved by the ESG Committee	Reported	

BOD activities in the past (2008~2022) >

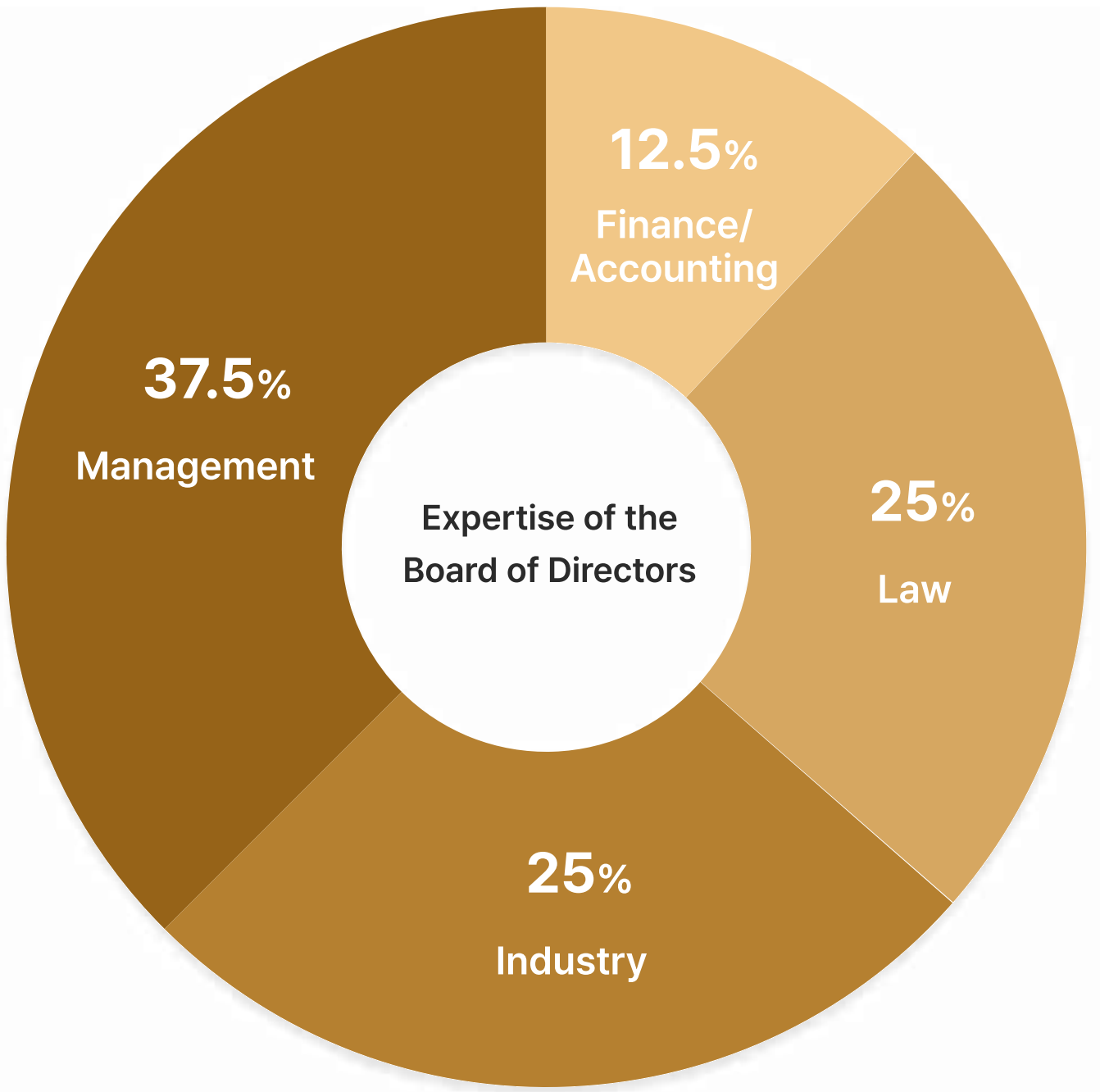
## Expertise and Independence of the Board

### Election of directors with expertise and diversity

In accordance with Article 382 of the Commercial Act, the BOD consists of three executive and four independent directors as of the end of March, 2023. The number of independent directors (57.1 percent) outnumbers executive directors, which ensures the BOD's fairness and independence. The BOD members, who are experts in diverse areas, including business management, accounting, and law, make decisions efficiently and carefully.

Coway has an Independent Director Candidate Recommendation Committee to ensure fairness and independence in the selection process. The selection of independent directors is finalized at the general meeting. For the selection of directors at the general meeting, detailed information on the candidates including personal history, fields of expertise, recommenders, and transactions with Coway should be provided 14 days prior to the general meeting, to prove their independence of the company. For the transparency and independence of the BOD, we carefully review any conflict of interest, including possession of shares in Coway, and transparently disclose their legal qualifications to stakeholders and shareholders. To verify the independence of outside directors, we have established guidelines that comply with relevant laws and regulations and global standards. We aim to improve the level of independence of outside directors by screening candidates more rigorously, and we verify the independence of candidates and existing outside directors in accordance with these guidelines.

The BOD at Coway consists of experts in diverse areas regardless of gender and age, to ensure that it does not represent specific interests or vocational groups. In particular, we seek to sharpen our BOD's competitiveness by stressing the candidates' expertise in the process of selecting independent directors. We recruit experts in a wide range of areas, including business administration, industry, finance/accounting, and law for the BOD's diversity and expertise.



# Independence of the BOD

Coway makes sure that appointed Board of Directors (BODs) members meet the qualifications required by the relevant laws and articles of association. Also, we impose restrictions on appointing those who are responsible for damaging corporate value or infringing shareholders' rights and interests as executives by revising the "Personnel Management Regulations for Executives."

Coway selects outside director candidates transparently and fairly through Independent Director Candidate Recommendation Committee, which is composed of only outside directors. The Independent Director Candidate Recommendation Committee selects candidates for independent directors among those who have no conflicts of interest with the company and its largest shareholder and, consequently, can supervise the company's business management independently from the management.

In addition, our BOD is organized in such a way that it does not represent specific interests or specific occupational groups in order for it to effectively exercise checks and balances. For transparent governance, we disclose relevant business processes, procedures, and outcomes. We also have internal regulations, such as the articles of association and BOD regulations, to establish a system of checks and balances among the BOD, management, and independent directors.

## Outside Director Independence Guidelines

Coway secures the independent decision-making authority of the Board of Directors and establishes a reasonable and sound governance structure centered on independent directors through checks and balances.

In order to verify the independence of outside directors, Coway has established guidelines that comply with relevant laws and regulations and global standards. Based on these requirements, the BOD and the Independent Director Candidate Recommendation Committee verify the independence of outside director candidates and existing outside directors. We will determine that an outside director is independent if he/she meets the following points, and will comprehensively consider any other material relationship with the company.

### Conditions for Outside Directors

1. A person who is not disqualified as a director under the law
2. A person who does not have a history of damaging corporate value or infringing on shareholder rights and interests
3. A person whose attendance rate at board meetings was 75% or more during the previous term of office
4. A person who is not a full-time employee of the Company or its affiliated companies (including non-profit corporations) within the last five years
5. A person who is not a director/executive officer/auditor or employee within the last two years of an entity that has a technology partnership agreement with the Company
6. A person who is not a director/executive officer/auditor and an employee within the last two years of the accounting firm appointed as the Company's auditor
7. A person who is not a director/executive officer/auditor and an employee within the last two years of an entity that has entered into a single transaction with the Company during the last fiscal year with an aggregate value of 10% or more of the Company's total revenue
8. A person who is not a director/executive officer/auditor and employee within the last two years of an entity whose aggregate transaction results with the Company during the last three business years amounted to 10% or more of the Company's total assets or total sales
9. A person who is not a director/executive officer/auditor or employee within the last three years of an entity that has a major legal or management consulting contract with the Company
10. A person who is not an advisor or consultant to the Company or the Company's management
11. Any other person who does not have a material interest in matters to be decided by the BOD

## Evaluation Standard for Independence and Conflicts of Interest

### Disqualification Criteria

1. Directors, executive officers, and employees engaged in the company's business affairs, or directors, auditors, executive officers and employees engaged in the company's business affairs within the past two years
2. The largest shareholder himself, spouse, and direct ancestor or descendant
3. In case the largest shareholder is a corporate body, its directors, auditors, executive officers, and employees
4. The spouse and the direct ancestor or descendant of directors, auditors, and executive officers
5. Directors, auditors, executive officers and employees of the company's parent company or subsidiaries
6. Directors, auditors, executive officers and employees of corporations with important interests, such as the company's business relationships
7. Directors, auditors, executive officers and employees of other companies whose directors, executive officers are directors, executive officers and employees of the company

### Conflicts of Interest

1. The same person and people related to the Fair-Trade Act that governs a company in competition with the company
2. Employees of a company that compete with the company and those belonging to the same corporate group under the Fair-Trade Act or a person who has been an employee within the past two years
3. The company's largest shareholder or the second-largest shareholder of a company in a competitive relationship with the company, and an employee of a company belonging to the same corporate group under the Fair-Trade Act, or a person who has been an employee within the past two years



# Committees under the BOD

For efficient and professional operation of the BOD, we have set up various BOD Committees, including the Management Committee, Independent Director Candidate Recommendation Committee, Audit Committee, and ESG Committee. As of April 2023, the Management Committee consisted of three executive directors, the Audit Committee, three independent directors, and the Independent Director Candidate Recommendation Committee, three independent directors, and the ESG Committee, one executive director and two independent directors. As members of the BOD, independent directors hold a majority, which allows the BOD to fulfill its responsibility to check the management in accordance with the principle of checks and balances. The Management Committee consists of executive directors only as it deliberates and decides on diverse matters on business activities. Other committees include independent directors with expertise in their fields.



## BOD Committee Members and Activities

Management Committee	Independent Director Candidate Recommendation Committee	Audit Committee	ESG Committee
3 executive directors	3 independent directors	3 independent directors	1 executive director 2 independent directors
Jun-Hyuk Bang(Chairperson), Jang-Won Seo, Sun-Tae Kim	Bu-Hyun Yoon (Chairperson), Kyu-Ho Kim, Jin-Bae Kim	Jin-Bae Kim(Chairperson), Bu-Hyun Yoon, Gil-Yeon Lee	Jin-Bae Kim(Chairperson), Gil-Yeon Lee, Jang-Won Seo
Regulations necessary for the organization and efficient operation	Nomination of independent director candidates and ensuring fairness in the selection process	Auditing the company's accounting and operations	Increase long-term corporate value and sustainable growth ESG through supervision of relevant long-term strategies, policies, and issues
Matters delegated by the board of directors among the company's important management matters		Review of accounting-related documents such as financial statements and the procedures and results of the audit of accounting firms	ESG management goals and directions
Matters delegated by the BOD from time to time		Review of the operation status of the internal accounting management system	Decision-making on major risks and opportunities
Other matters that the committee has decided to refer to as important management matters of the company			Supervision and review of ESG management activities in general

# Performance Evaluation and Remuneration

## Performance Evaluation and Remuneration for Independent Directors

In order to recruit outstanding experts as independent directors and support them in actively fulfilling their duties, we provide reasonable remuneration in consideration of the level of legal responsibility and remuneration level in the same industry. We evaluate independent directors qualitatively in terms of attendance and practicality of their suggestions, but we do not reflect it in remuneration and reappointment of independent directors. We have a principle of not remunerating independent directors based on the evaluation results as it may impair the independence of independent directors.

# Performance Evaluation System for CEO and Executives

Coway aims to promote the sustainable development of Coway by inducing and rewarding CEOs and executives for their responsible participation in the mid- and long-term growth of the company, preventing decisions based on short-term performance.

Short-term Performance Evaluation	Long-term Performance Evaluation	For non-CEO executives
The basic remuneration for executive directors is determined in consideration of their duties and positions, tenure, leadership, expertise, and contribution to the company. Also, we provide incentives (bonuses) based on overall scores and goal fulfillment by taking growth potential, profitability, and stability into consideration in accordance with the key performance indicators(KPI) consisting of qualitative and quantitative indicators. In addition, we adjust bonuses by evaluating project outcomes, performance, and capacity.	Coway established the Long-Term Incentive (LTI) in 2022 to manage balanced short- and long-term performance. We evaluate the CEO's long-term management performance by considering three years of performance based on the degree of contribution and competence in long-term perspective management.	Coway evaluates not only the CEO but also other executives on their long-term competency performance. The main management competencies are strategic decision-making, positive influence, talent development, fairness, communication, and cooperation, and the evaluation is based on the cumulative performance of three years.

## Directors Remuneration

Name	Category	Total (Unit : KRW 1000)	Standards and Methods
Jun-Hyuk Bang	Salary	746,530	The total annual salary is set and paid at KRW 746,235,000 by comprehensively reflecting the duty (chairman of the BODs), leadership, expertise, and contribution to the company. In addition, KRW 295,000 was paid with taxes reflected
	Bonus	490,280	Bonuses were paid based on the key performance indicators (KPIs) consisting of quantitative and qualitative indicators. The KPIs evaluate quantitative indicators which consist of growth potential, profitability, and stability, and qualitative indicators which include strategic tasks for the year, based on the comprehensive evaluation table to calculate the overall scores.
	Note		Profits from the exercise of stock options, other earned income, retirement income and other income are not applicable.
Hae-Sun Lee	Salary	604,300	The total annual salary is set at KRW 600,000,000 by comprehensively reflecting the duty (CEO), tenure, leadership, expertise, and company contribution, among others, all of which are comprehensively reviewed and paid. In addition, KRW 4,300,000 including benefit points, was paid.
	Bonus	255,000	Bonuses were paid based on the key performance indicators (KPIs) consisting of quantitative and qualitative indicators. The KPIs evaluate quantitative indicators (sales, customer accounts, etc.), which consist of growth potential, profitability, and stability, and qualitative indicators (leadership, growth engines, etc.), which include strategic tasks for the year, based on the comprehensive evaluation table to calculate the overall scores.
	Other earned income	1,780	Business vehicle income disposition amount (recognized bonus)
Jang-Won Seo	Salary	505,110	The total annual salary is set at KRW 500,000,000 by comprehensively reflecting the duty (CEO), leadership, expertise, and company contribution, among others, all of which are comprehensively reviewed and paid. In addition, KRW 5,110,000 was paid with other welfare points and taxes reflected.
	Bonus	250,000	Bonuses were paid based on the key performance indicators (KPIs) consisting of quantitative and qualitative indicators. The KPIs evaluate quantitative indicators (sales, customer accounts, etc.), which consist of growth potential, profitability, and stability, and qualitative indicators (leadership, growth engines, etc.), which include strategic tasks for the year, based on the comprehensive evaluation table to calculate the overall scores.
	Note		Profits from the exercise of stock options, other earned income, retirement income and other income are not applicable.

## Mid- to Long-Term Dividend Policy

Coway has established and disclosed a medium-term dividend policy to enhance the predictability of dividends for shareholders. In accordance with the principle of enhancing shareholder value, Coway plans to allocate financial resources generated within the range of distributable profits to strategic investments for sustainable growth, maintaining a sound financial structure (including cash flow), and returning to shareholders, taking the internal and external business environment into account. Coway plans to pay cash dividends once a year within the range of 40% of annual separate FCF and 20% of dividend payout ratio based on consolidated net income, taking business conditions into account.

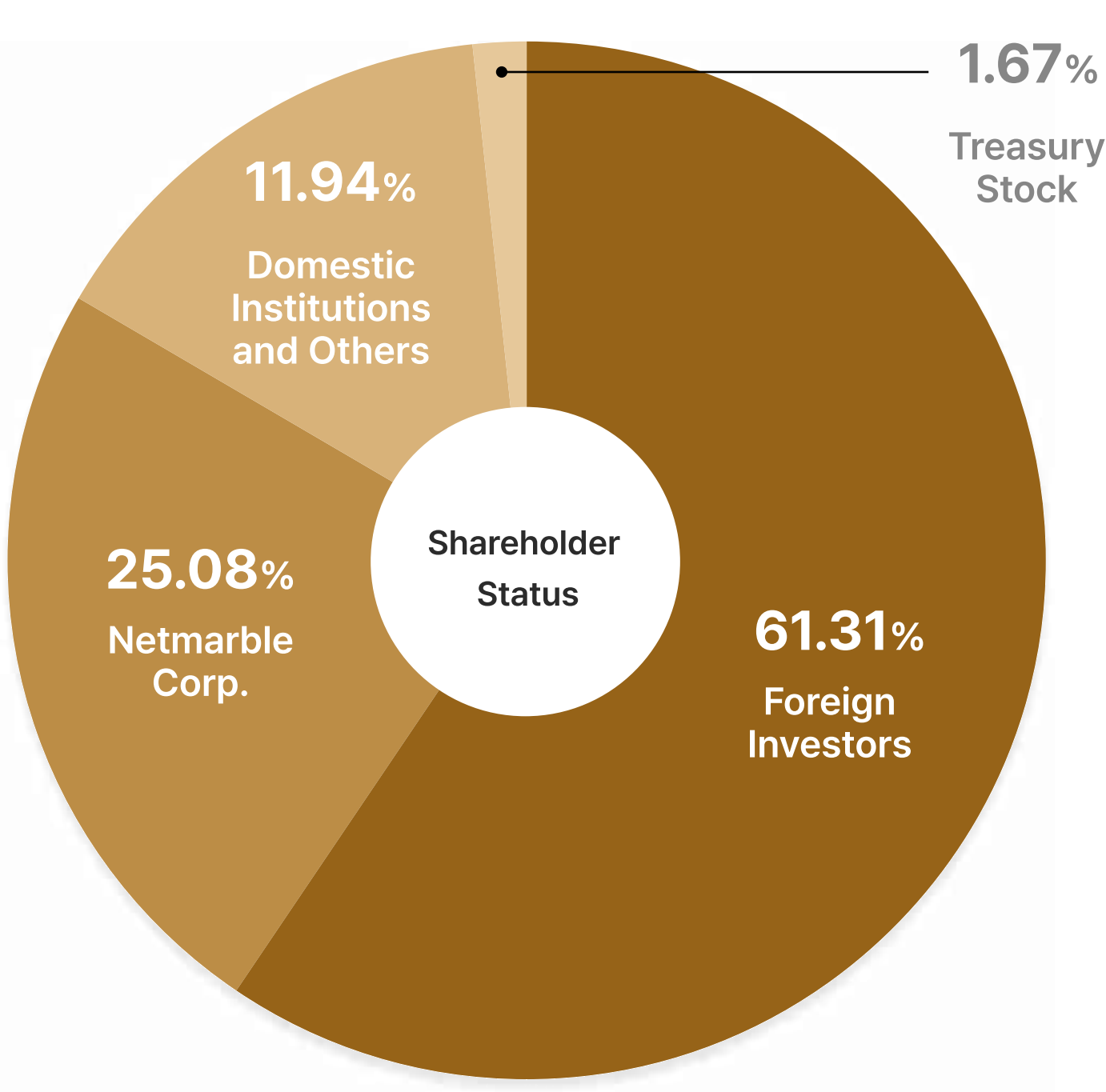


# Ownership Structure and Voting Rights

## Stocks Owned by Stockholders and Management

As of the end of 2022, Coway's shareholders consisted of Netmarble (25.08 percent), foreign investors (61.31 percent), local institutions and others (11.94 percent), and treasury stock (1.67 percent). The total number of shares issued by Coway is 73,799,619 shares, which consist of 100% common shares without preferred shares.

Coway follows the principle of 1 voting per share and does not have a differential voting system that grants multiple voting rights to specific stocks. However, voting rights of treasury stocks held as treasury stocks are limited by commercial law. As of the end of December 2022, 72,563,745 shares (98.32% of the total issued shares) had voting rights. Coway does not utilize the written or electronic voting system. Instead, we encourage shareholders who have difficulty in exercising their voting rights to exercise such rights by proxy. Also, we do not use cumulative voting in accordance with the articles of association, but we plan to consider implementing it if it is necessary in the future.



# Ethical Management

## 3C Ethical Management

Coway pursues ethical management based on 3C (Code of Conduct, Compliance Check Organization, Consensus by Ethics Education). In a bid to raise ethical awareness, we have formed a compliance supervisory body, including the compliance headquarters and ethical management office, based on the code of corporate ethics to avoid ethical risks. We also provide employees and suppliers with ethical education on a regular basis.

The ethical management office within the compliance division is the supervisory organization for ethical compliance, and it mainly conducts systems, education, campaigns, monitoring, and audits related to ethical management. There is an ethical management team that controls the risks of Coway's sales and service organizations and a diagnostic team that controls the risks of other organizations. Through collaboration, we strengthen internal controls and conduct training and campaigns.



## Code of Conduct

For ethical management practice, we added the standards for ethical conduct and value judgment of internal and external stakeholders to the Code of Conduct, which consists of the Charter of Ethics, the Regulations of Ethics, and the Code of Ethics. We urge stakeholders to give ethical value a top priority and make it second nature. In 2021, we published the Code of Conduct in English, and in 2022, Coway posted it on the homepages of major global subsidiaries to spread the culture of ethical management along with the expansion of global business.

\* Corporations in 9 countries: Malaysia, US, Thailand, Indonesia, Vietnam, China, Japan, UK, Germany

- [The Charter of Ethics >](#)
- [The Regulation of Ethics >](#)
- [The Code of Ethics >](#)

## Strengthening of Ethical Management

Coway is acutely aware of the importance of responsible ethical practices, and we consequently emphasize ethical management. In 2022, we secured the soundness of business processes by spreading ethical management firmwide to build a virtuous cycle system.

We hold an ethical management committee meeting monthly (changing to every other month after April 2022) to come up with practical measures for improvement through prompt decision making. We also proactively monitor irregular business activities and analyze causes to improve our business culture, system, and processes. In 2022, we identified 20 issues to be addressed and conducted a survey of newly identified possible irregular activities, ushering in the establishment of voluntary ethical business practice in the field.

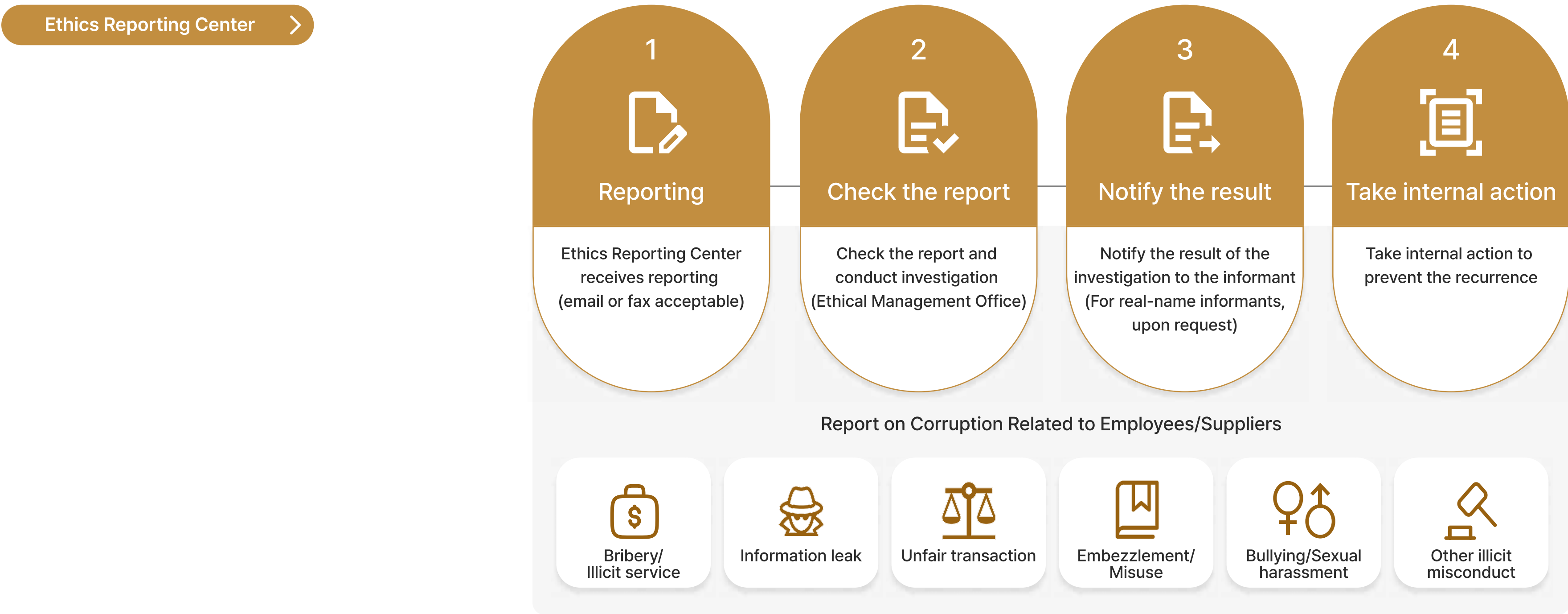


# Compliance Check and Monitoring

## Ethics Reporting Process

We operate a reporting channel on ethical management to receive reports on complaints regarding products, services, business activities and corruption cases related to employees and suppliers. The reporting channels are divided into one for customers' complaints on products, services, and sales; and one for corruption involving employees and suppliers. All the complaints and reports accepted through the channels are handled promptly and equitably and the identity of informants and details of the reports are guaranteed to be confidential. In addition, we have prepared guidelines for protecting and rewarding whistleblowers in order to encourage reporting.

In November 2022, Coway established a new English page of the Ethical Management Reporting Center (<https://company.coway.com/en/company/ethical>) to allow global stakeholders to make reports. We strengthened controls over overseas subsidiaries by expanding reporting channels.



## Ethics Diagnostic Assessment and Monitoring

Coway conducts diagnostic assessments on a regular basis and when necessary to ensure corporate transparency and robustness while avoiding ethical risks. We also operate a monitoring system on a regular basis to announce the soundness of the sales system and risks occurred, thereby preventing illegal sales activities.

In 2022, we added a service monitoring system and regularly notified field organizations to prevent abnormal service occurrences. We operate abnormal order prevention performance (order cancellation, amount of company damage prevented) as an employee KPI item.

Ethical diagnosis	Description
Diagnostic assessment of work	Continuous regular/frequent/implementation diagnosis - Improving work through diagnosis and enhancing the effectiveness of internal control  Survey on ethical management of overseas subsidiaries (semi-annual) → Change to monitoring - Report status, legal issues, ethical management training activities, improvement of organization operating regulations, etc.
Periodic monitoring	Periodic monitoring of irregular and illegal sales activities 1. Identify signs of abnormalities through filtering of all orders received 2. Detect potential risks of abnormal sales activities through periodic monitoring after product installation

## Anti-corruption Diagnosis and Actions

In an effort to avoid ethical risks, we conduct anti-corruption diagnostic assessments in all workplaces including global businesses and take appropriate action based on the results. In 2022, we dealt with total 11 violations.



Ethics Education

Employee Ethics Education

To foster a healthy organizational culture, Coway conducted a one-act play based on actual ethical management violations for all employees. The training, which was held four times for all employees, was designed to raise employees' ethical awareness, educate them on specific practices, and form a responsible ethical management culture through understanding of basic principles.



Ethical Management Guiding Principles

Stick to the basics

The basics of corporate card

Prohibit personal use of corporate cards and violations for account theft

The basics of samples

Prohibit violations in the purchase, utilization, management, and disposal of samples

The basics of procurement

Transparency in supplier selection and leakage of secrets

The basics of privilege

Prohibit using organization/site privileges for personal gain

The basics of sales

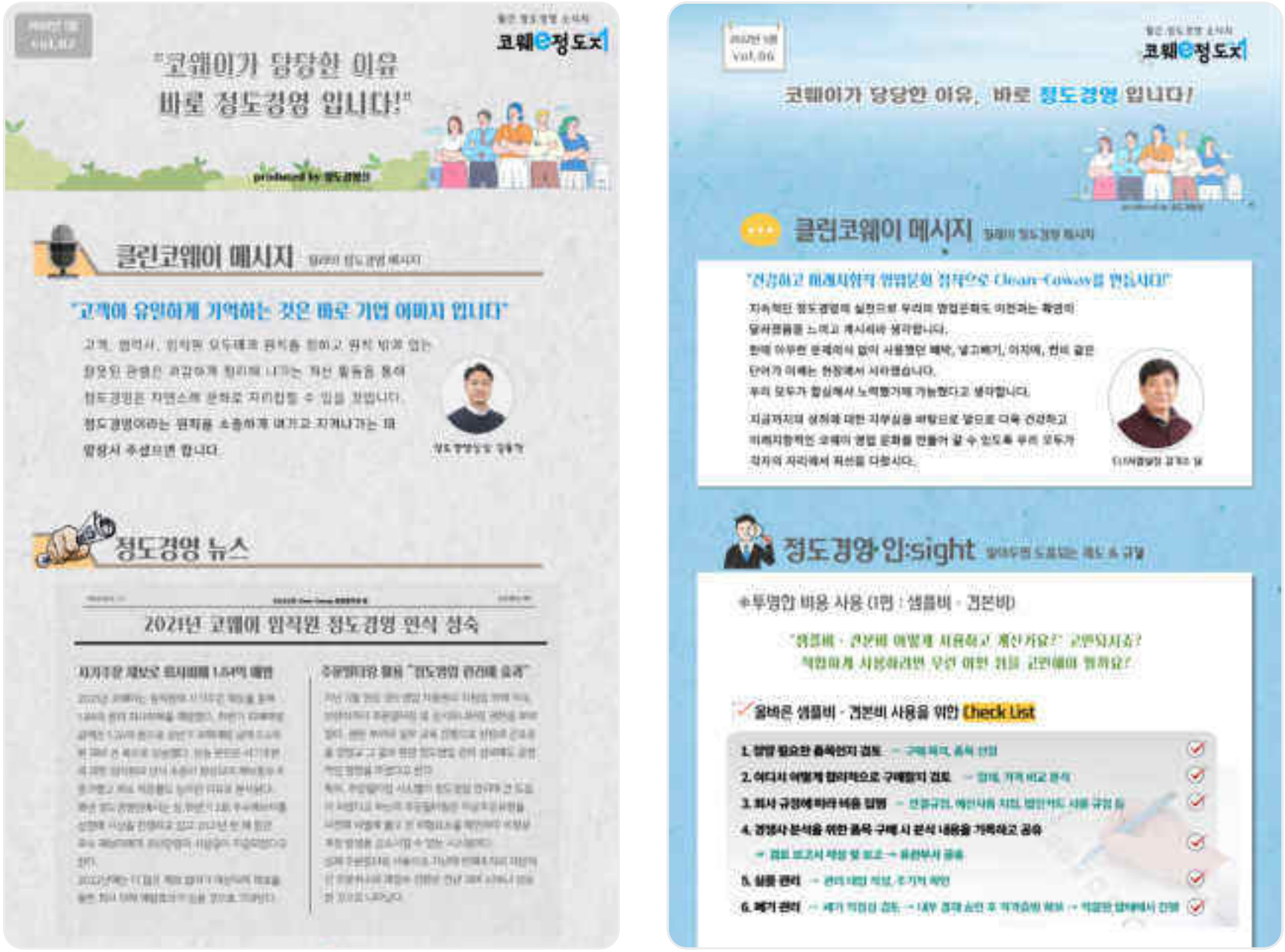
Prohibit irregular sales (like paying rent) behaviors that undermine a healthy sales culture

The basics of organizational culture

Prohibit financial transactions and workplace harassment

Activities to raise awareness of ethical management

In order to raise employees' awareness of ethical management and establish a culture of ethical practice, we conduct guidance activities such as regulations and cases related to ethical management through Coway Ethics e-magazine once a month.

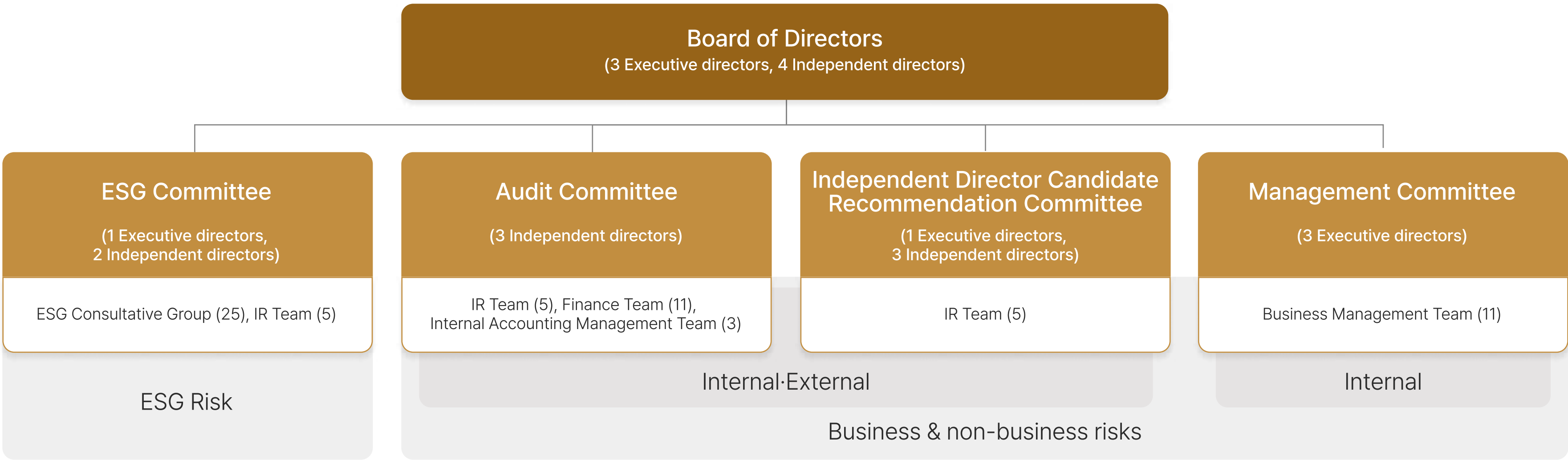


Category	Description
Regulations and ethical standards of practice	<div><div>- Coway Code of Ethics - Standards of Conduct and Judgment of Values</div><div>- Basic principles of business ethics for executives and employees</div><div>① Business processing/management ② Service standards ③ Prohibition of corporate culture disruptive behaviors</div><div>④ Standards and reporting procedures for hospitality, entertainment, and gift receipt</div><div>⑤ Precautions for accepting and providing gifts and self-reporting procedures</div><div>- Internal risk management responsibilities - The third line of risk defense</div><div>- The scope of personal information and the need to protect it</div><div>- Transparent use of costs</div><div>① Sample/prototype costs ② Operating costs ③ Drafting costs</div><div>- Embezzlement standards, delegation rules</div></div>
Sales and service rules and practices	<div><div>- Criteria and examples of irregular sales</div><div>- Reporting channels for abnormal sales</div><div>- Basics of Coway Services</div><div>- Coway Monitoring System</div><div>- Cases and guidelines for abnormal sales and service behaviors</div><div>① Cases of incomplete sales and prevention ② Cases of computer system misuse and abuse</div><div>③ Cautions on writing assignment/transfer/contract (Notes on order phone pad)</div><div>④ How to deal with unreasonable business instructions related to sales</div></div>



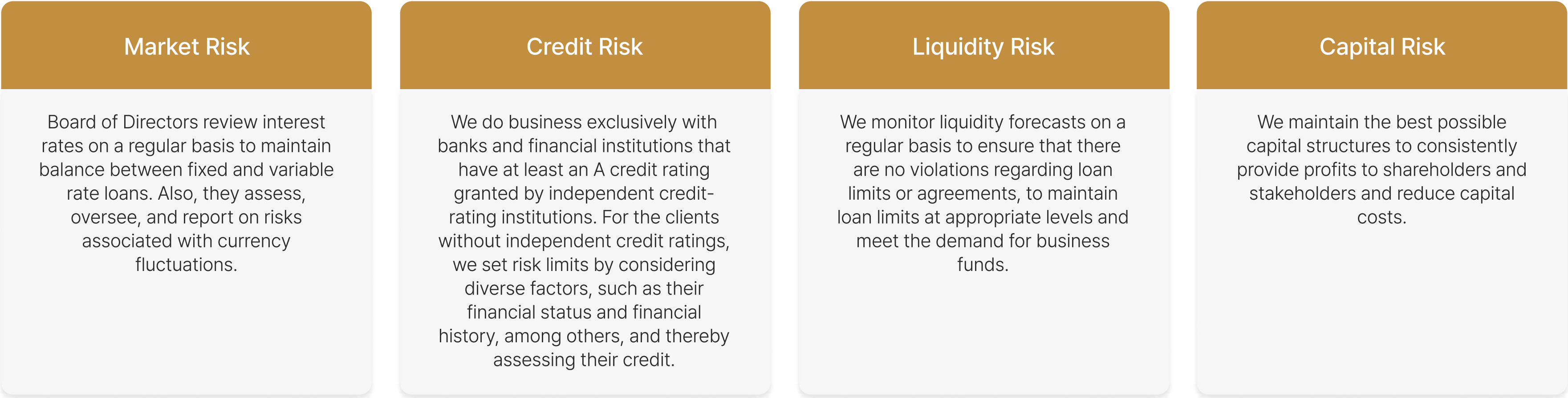
# Company-wide Risk Management System

Coway operates a company-wide risk management system by classifying risks that may arise from business activities into financial and non-financial risks, and is supervised by the relevant BOD committees and business divisions according to their types and materiality. The financial risks related to market, credit, and liquidity are monitored by the Finance Department, while non-financial risks are supervised by the Infinite Responsibility Committee and the ESG Committee, respectively. The financial and non-financial risk management organizations are responsible for monitoring and identifying risks on a regular basis, operating a risk monitoring system designed to analyze the impact of each risk factor, and reporting the results to the Management Committee. Then, Coway takes firmwide actions by taking the impact and urgency of each risk into consideration.



## Financial Risk Management

The unpredictability of the financial markets is important for financial risk management. We seek to identify, assess, and avoid financial risks and eliminate the risk factors that potentially have negative impacts on our financial achievements. Financial risks consist of market risks, credit risks, liquidity risks, and capital risks.



## Non-financial Risk Management

Coway launched the ESG Committee under the BOD to manage and supervise ESG risks related to ethics, environment, labor, human rights, and supply chain, etc. We also formed an ESG Consultative Group and ESG Working Group under the ESG Committee to monitor non-financial risks in each area and report important risks to the ESG Committee on a regular basis. For product quality and safety, we operate the Infinite Responsibility Committee under direct control of the CEO to discuss issues related to product quality and safety.

# Coway ESG Consultative Group

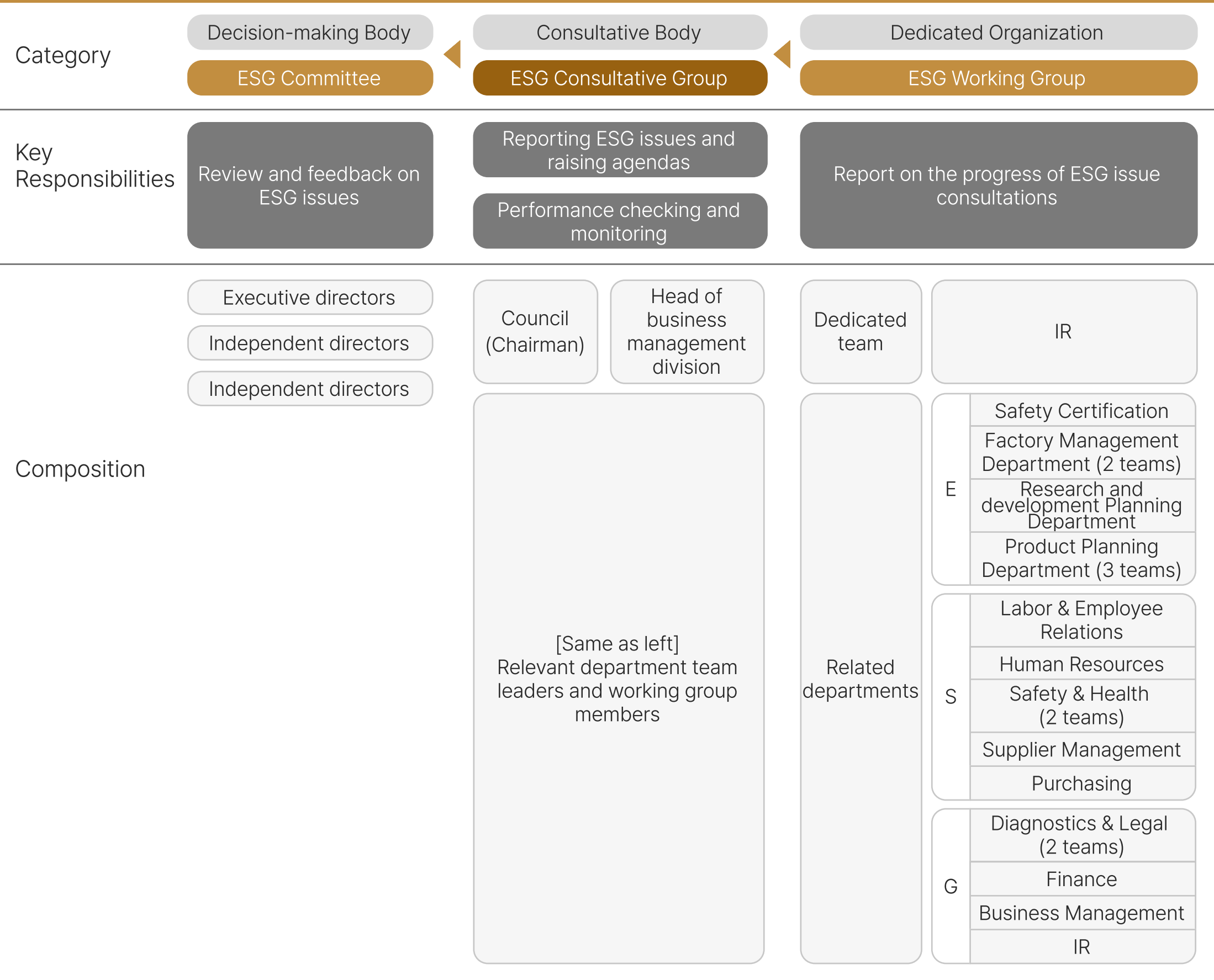
In June 2021, Coway established the ESG Consultative Group to enhance the long-term value of the company and promote sustainability management in a more strategic and efficient manner. The ESG Consultative Group is responsible for managing and monitoring key environmental (E), social (S) and governance (G) strategies and issues, and serves as a body to improve corporate transparency.

It is held on a quarterly basis to identify major issues that may affect corporate sustainability in advance and discuss responses.

The group is composed of the ESG team (IR Team) and relevant departments by area, and discusses ESG issues among working groups, proposes reports and agendas, and checks performance through monitoring.



## Coway ESG Risk Management System



## 2022 Coway ESG Consultative Group Held

Category	Key Agenda
1 <sup>st</sup> (2022.01)	<ul style="list-style-type: none"><li>Planning to develop eco-friendly technologies to respond to global ESG management issues</li><li>Direction to respond to climate change adaptation based on ESG corporate assessment</li><li>Step-by-step implementation of human rights management in accordance with the EU Human Rights Due Diligence Act</li><li>Strengthening ESG management of suppliers</li></ul>
2 <sup>nd</sup> (2022.05)	<ul style="list-style-type: none"><li>Responding to climate change adaptation and building an eco-friendly energy system</li><li>ESG response and product strategy</li><li>Employment of people with disabilities</li></ul>
3 <sup>rd</sup> (2022.11)	<ul style="list-style-type: none"><li>Progress on ESG Initiatives in '22</li><li>ESG trends and recommendations for improvement in '23</li></ul>



# Emerging Risks Management

We monitor and analyze risks that can potentially affect our business environment significantly from mid- to long-term perspectives, to take appropriate actions strategically and preemptively. In 2022, we identified the emerging risks as “Addressing climate change adaptation” and “Enhancing green products and technologies”.

Emerging risks	Risk context and impacts on business	Approach to risks
Addressing climate change adaptation	<p>As risks caused by climate change adaptation pose serious threats to the world, socially and environmentally, many nations are taking tougher measures to address climate change adaptation and regulate global warming. Korea enacted the Framework Act on Carbon Neutrality and Green Growth in 2021, setting the national goal, “Carbon Neutrality by 2050”. Korea is the 14th nation to legislate its vision for carbon neutrality by 2050. It made a public pledge to cut greenhouse gas emissions by 40 percent by 2030 compared to 2018 as a mid- to long-term goal. The achievement of the Nationally Determined Contribution (NDC) requires determined efforts to reduce greenhouse gas emissions by businesses and industries. Businesses should make consistent investment for greenhouse gas emissions reduction not only in their own realm of business activities, but also in the supply chain and the external realm it has impacts on.</p>	<p>As the greenhouse gases we generate are indirect greenhouse gases (scope 2) emitted mostly from electricity, we can mitigate related risks by actively investing in energy efficiency and transition to renewable energy.</p> <p>Coway undertakes diverse activities to fulfill the goal it set in 2021 to cut greenhouse gas emissions. We formulated a new roadmap for the phased reduction of greenhouse gas emissions by 2030 and 2040, respectively, to achieve carbon neutrality by 2050.</p> <p>Although we do not produce a large amount of absolute greenhouse gas emissions and we are not subject to direct government regulation, we continue to carry out diverse activities to reduce greenhouse gas emissions in the entire process from production to use and disposal. As a medium-term goal, we plan to reduce 50% of our 2020 GHG emissions by 2030, 75% by 2040, and 100% by 2050.</p>
Enhancing eco-friendly products and technologies	<p>As companies become more environmentally responsible, the green market grew to KRW 30 trillion in 2020 and is expected to grow further in 2022 and 2023.</p> <p>This is a trend that has been shaped by the increased level of environmental awareness during the COVID-19 pandemic, highlighted by countries announcing carbon neutrality goals and environmental regulations such as plastic bans.</p> <p>Eco-friendly products and technologies can be perceived as a solution to these problems. This offers the possibility of creating new market opportunities and developing new revenue streams.</p>	<p>In order to comply with these rules and regulations, Coway is expanding eco-friendly certified products based on active Research and development investment and securing technological competitiveness.</p> <p>We consider the environment from product planning and actively incorporate eco-friendly materials and technologies in our designs to achieve eco-friendly management.</p> <p>Coway's icon water purifier series is one of the leading eco-friendly products as it utilizes semiconductor thermoelectric elements, a method of cooling by absorbing ambient heat without using refrigerants, which are considered to be the main cause of environmental pollution.</p> <p>In this way, Coway was able to read the changes in the market and gain an edge over the competition through the development of innovative products. In addition, the company was able to improve its market competitiveness due to the strengthening of its brand image and the increase in customer preference due to its sustainability strategy.</p>

# Appendix



## About This Report

### About This Report

This report is the 18th Coway Sustainability Report. Since 2006, Coway has published a sustainability report every year. We gathered opinions of stakeholders in-depth about the company's risks and opportunities. We decided on the content through a materiality assessment process that considered social and environmental impacts. This report was prepared in compliance with the GRI Standards of the Global Reporting Initiatives (GRI).

The 2022 Coway Sustainability Report has been prepared focusing on important topics about sustainability. To make it easy for stakeholders to access the information they need, we revisited the overall structure of the navigation (table of contents) and site map and introduced a search function to check the necessary information quickly. The site is available in Korean and English. The site is optimized for both desktop PC and mobile, and it is implemented with Responsive Layout

This report was published on June 30, 2023, after a third-party assurance process.

\* Responsive layout: Website that automatically optimizes the screen size according to the type of display.

Reporting Scope	Reporting Period	Reporting Standards	Reporting Assurance
<p>This report is prepared focusing on the Seoul office, research center, and production headquarters, which correspond to domestic business sites. Environmental data is prepared centered on domestic business sites, and some social data (Employee, Safety and Health, Ethics, etc.) include global status. Financial data is based on consolidated performance.</p>	<p>Sustainability management performance is reported from January 1, 2022, to December 31, 2022. Quantitative results are disclosed together with more than three-year results so that stakeholders can see the change. The first half of 2023 is also reported on some major issues or significant activities and achievements.</p>	<p>We have met the core options of the Global Reporting Initiative's (GRI) Sustainability Reporting Standards (GRI Standards). To reflect the sustainability context of our industry, we applied the U.S. Sustainability Accounting Standards Board's (SASB) sustainability accounting standards and utilized the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for climate change information.</p>	<p>The financial information contained in this report was prepared through an independent audit firm's accounting audit. Non-financial information was verified by With Accounting Corp., an independent professional organization, and KMR, a management certification provider to increase the report's accuracy and reliability.</p>

### Inquiries about Reports

Address	Department	E-mail
08393 15~20F, 38(G-Tower), Digital-ro 26-gil, Guro-gu, Seoul, Republic of Korea	IR Team	sustainability@coway.com



Greenhouse Gas

Category	Unit	2018	2019	2020	2021	2022	Data Scope
Total GHG emissions <sup>1)</sup>	tCO <sub>2</sub> eq	6,025	5,864	5,735	6,699	6,827	
• Scope 1 (Direct emissions)	tCO <sub>2</sub> eq	676	640	601	877	831	
• Scope 2 (Indirect emissions)	tCO <sub>2</sub> eq	5,349	5,224	5,134	5,822	5,995	
• Scope 12	tCO <sub>2</sub> eq	6,025	5,864	5,735	6,699	6,827	
• Yugu Plant	tCO <sub>2</sub> eq	2,439	2,412	2,555	2,803	2,484	
• Incheon Plant	tCO <sub>2</sub> eq	651	695	639	797	886	
• Pocheon Plant	tCO <sub>2</sub> eq	189	202	220	235	255	
• Environmental Technology Institute (R&D center)	tCO <sub>2</sub> eq	1,889	1,849	1,660	1,835	1,730	
• Seoul Office	tCO <sub>2</sub> eq	439	427	396	694	761	
• Logistics Center	tCO <sub>2</sub> eq	292	279	265	335	711	
• Solar Power Plant (001)	tCO <sub>2</sub> eq	N/A	N/A	N/A	N/A	1	
• Scope 3 (Other indirect emissions)	tCO <sub>2</sub> eq	N/A	N/A	N/A	N/A	59	
• Commute	tCO <sub>2</sub> eq	N/A	N/A	N/A	N/A	59	
• S1S2 Intensity <sup>2)</sup>	tCO <sub>2</sub> eq/100 million KRW	0.252	0.232	0.221	0.238	0.243	
• Refrigerant usage in product manufacturing	kg	51,230	46,360	38,530	45,420	36,100	Yugu Plant, Incheon Plant
• Eco-friendly Refrigerant Usage in Product Manufacturing	kg	5,320	4,010	3,331	1,300	3,310	Yugu Plant, Incheon Plant

1. Based on Scope 1 emissions cope 2 emissions  
2. Based on individual sales  
\* Note: Cosmetics Research Institute closed in 2018 (emissions 126 tCO<sub>2</sub>eq)

Energy

Category	Unit	2018	2019	2020	2021	2022	Data Scope
Total Consumption	GJ	121,789	119,479	115,964	137,272	140,484	
• Direct Energy (Total)	GJ	10,796	11,062	9,445	14,813	14,419	
• LPG <sup>1)</sup>	GJ	41	N/A	N/A	N/A	N/A	
• Gasoline	GJ	2,533	2,587	2,109	1,892	1,833	
• Diesel	GJ	1,535	2,773	1,618	1,865	772	
• LNG	GJ	554	201	184	4,165	5,051	
• Kerosene	GJ	225	338	148	144	118	
• Propane	GJ	5,908	5,163	5,386	6,748	6,644	
Indirect Energy (Total)	GJ	110,994	108,417	106,519	122,459	126,066	
• Electricity	GJ	110,142	107,564	105,702	121,653	125,281	
• Others (on-site solar self-generation facilities)	GJ	852	853	817	806	785	
Total renewable energy consumption <sup>2)</sup>	GJ	852	853	817	806	785	
Total energy intensity (intensity)	GJ / KRW 100 million	5.08	4.72	4.47	4.88	4.99	

1. No usage since 2018  
2. Same as usage of on-site solar self-generation facilities  
3. Based on individual sales

Water

Category	Unit	2018	2019	2020	2021	2022	Data Scope
Total Consumption/ Discharge Volume <sup>1)</sup>	ton	71,347	90,423	81,528	91,606	86,457	
Total Net Freshwater Consumption	ton	49,385	60,519	64,751	66,953	67,021	
• Underground Water	ton	21,962	29,904	16,777	24,653	19,436	
• Seoul Office (G Tower) <sup>2)</sup>	ton	N/A	N/A	N/A	7,373	11,586	
• Yugu Plant	ton	34,501	44,357	30,420	34,045	32,261	Yugu/Incheon/Pocheon Plant
• Incheon Plant	ton	4,401	5,725	4,827	5,870	8,214	Yugu Logistics Center
• Pocheon Plant	ton	594	1,771	3,221	1,925	1,710	Environmental Technology Institute (Seoul National Univ.)
• Environmental Technology Institute (R&D Center)	ton	26,045	33,183	32,748	34,755	25,180	G Tower (Seoul Office)
• Logistics Center (Yugu)	ton	5,806	5,387	10,312	7,638	7,506	
Total Water Intensity (intensity) <sup>3)</sup>	ton/100 million KRW	2.98	3.57	3.15	3.23	3.07	

1. Total Consumption otal Discharge Volume  
2. Measuring since March 2021  
3. KRW 100 million

Materials(Product) input

Category	Unit	2018	2019	2020	2021	2022	Data Scope
Total Consumption <sup>1)</sup>	ton	16,768	17,670	16,100	14,488	14,906	
• Non-renewable raw materials (total)	ton	16,768	17,670	16,100	14,488	14,906	
• Plastic <sup>2)</sup>	ton	10,100	10,947	9,982	8,974	9,209	Filter: Water purifier, bidet Product: Water purifier, air purifier, bidet, water softeners, food processors (domestic)
• Metal	ton	4,537	4,419	4,159	3,622	3,752	
• Packaging	ton	2,131	2,304	1,959	1,892	1,945	
• Renewable raw materials <sup>3)</sup>	%	N/A	N/A	N/A	N/A	5	

1. Total non-renewable sources  
2. Increased usage due to increased domestic sales volume  
3. Percentage of plastic recycled materials applied to five bidet models (weight of plastic recycled materials/weight of plastic applied to product \*100)

Waste

Category	Unit	2018	2019	2020	2021	2022	Data Scope
Total waste generated <sup>1)</sup>	ton	23,540	23,703	23,451	23,751	25,214	
• Product-related waste	ton	13,866	13,609	13,204	13,463	14,894	
• Recycling and reuse	ton	13,866	13,609	13,204	12,665	14,018	Domestic recyclers of our products
• Incineration (energy recovery) <sup>2)</sup>	ton	0	0	0	798	876	
• Incineration (no energy recovery)	ton	0	0	0	0	0	
• Landfill	ton	0	0	0	0	0	
• Service-related waste	ton	8,823	9,124	9,191	9,359	9,107	
• Recycling and reuse	ton	2,292	2,292	2,407	2,527	2,653	Branches and depots
• Incineration (energy recovery) <sup>3)</sup>	ton	6,531	6,832	6,784	6,833	6,454	
• Incineration (no energy recovery)	ton	0	0	0	0	0	
• Landfill	ton	0	0	0	0	0	
• Waste from operations (manufacturing plants)	ton	851	970	1,056	929	1,213	3 domestic factories (Yugu, Incheon, Pocheon) and some recycling companies
• Recycling and reuse	ton	543	598	656	521	910	
• Incineration (energy recovery)	ton	151	155	169	181	282	
• Incineration (no energy recovery) <sup>4)</sup>	ton	157	217	231	226	21	
• Landfill <sup>5)</sup>	ton	0	0	0	0	0	
Waste recycling rate	%	99.3	99.1	99.0	99.0	99.9	
Total designated (hazardous) waste generated	ton	N/A	N/A	N/A	N/A	34	
• Recycling and reuse	ton	16,701	16,499	16,266	15,919	17,740	
• Incineration (energy recovery)	ton	6,682	6,987	6,953	7,544	7,320	
• Incineration (no energy recovery)	ton	157	217	231	226	21	
• Landfill <sup>5)</sup>	ton	0	0	0	0	0	
• Other	ton	0	0	0	0	0	

1. Expansion of mattress waste management area (2nd half of 2021)  
2. SRF recycling of partial mattress waste  
3. SRF recycling of service product waste  
4. Incineration of some business sites xpansion of SRF recycling ('22)  
5. Coway has no landfill waste.



Eco-friendly Products and Services

Category		Unit	2018	2019	2020	2021	2022	Data Scope
Environmental Certification Status	Environmental mark certification	cases	17	27	17	27	43	
	Water footprint	cases	1	0	1	0	0	
Eco-friendly products and services	Sales of green products	KRW 100 million	8,002	8,969	8,002	8,969	9,104	
	Percentage of green product sales	%	30.3	31.4	30.3	31.4	32.7	
	• Type 1 <sup>1)</sup>	%	6.8	6	6.8	6	4.82	
	• Type 2 <sup>2)</sup>	%	17.6	21.3	17.6	21.3	24.72	
	• Type 3 <sup>3)</sup>	%	5.9	4.1	5.9	4.1	2.9	
	Eco-Friendly (Green) purchase amount	KRW 1 million	N/A	N/A	N/A	656	604	
	Percentage of eco-friendly (green) purchases	%	N/A	N/A	N/A	3.5	3.5	
Execution of environmental investments	Total cost of environmental investment execution	KRW 1 million	1,193	1,502	1,716	1,056	2,585	
	• Facility operation <sup>4)</sup>	KRW 1 million	377	850	448	444	626	
	• System operation <sup>5)</sup>	KRW 1 million	408	303	291	325	400	Domestic 3 factories, TQA office
	• Communication <sup>6)</sup>	KRW 1 million	328	227	165	176	311	
	• Environmental new business <sup>7)</sup>	KRW 1 million	80	122	813	111	1,248	

1. ISO 14024  
2. ISO 14021  
3. ISO 14025  
4. Purchase and improve environmental safety-related equipment for production lines  
5. Expand system advancement for product and component regulatory response  
6. Strengthen response to environmental laws and regulations  
7. Building solar power and strengthening regulatory networks

Environmental Regulations

Category	Unit	2018	2019	2020	2021	2022	Data Scope
Number of environmental violations <sup>1)</sup>	cases	0	0	0	0	0	Domestic 3 factories (Yugu, Incheon, Pocheon)
Year-end environmental liability costs <sup>2)</sup>	KRW	0	0	0	0	0	
Fines for violations <sup>3)</sup>	KRW	0	0	0	0	0	

1. Number of legal obligations/regulatory violations  
2. Fines or penalties not yet paid, including estimated fines for cases not yet closed (incurred in other years)  
3. Fines paid related to environmental or ecosystem issues

Total Employee Status\*

Category		Unit	2018	2019	2020	2021	2022
Total number of employees in Korea		persons	4,905	4,958	6,458	6,489	6,461
By age	Under 30	persons	340	307	468	292	318
	• Male	persons	127	116	256	144	170
	• Female	persons	213	191	212	148	148
	30 to 49	persons	3,471	3,324	4,625	4,541	4,452
	• Male	persons	1,492	1,469	2,886	2,823	2,811
	• Female	persons	1,979	1,855	1,739	1,718	1,641
	50 and over	persons	1,094	1,327	1,365	1,656	1,691
	• Male	persons	131	195	373	507	537
	• Female	persons	963	1,132	992	1,149	1,154
By gender	Number of male employees	persons	1,750	1,780	3,515	3,474	3,518
	Number of female employees	persons	3,155	3,178	2,943	3,015	2,943
	Percentage of female employees	%	64.32	64.10	45.57	46.46	45.6
	Percentage of female employees in STEM <sup>1)</sup>	%	22.6	16	19.7	19.8	20
	Number of women in management <sup>2)</sup>	persons	757	762	667	692	742
	• Entry-level <sup>3)</sup>	%	57.1	56.3	45.2	46.1	41.2
	• Intermediate <sup>4)</sup>	%	16	16	17	16	18
	• Advanced <sup>5)</sup>	%	2	1	6	6	6
By employment type	Number of full-time employees	persons	4,637	4,735	6,320	6,359	6,323
	Number of temporary employees	persons	268	223	138	130	
	Percentage of full-time employees	%	94.5	95.5	97.9	98	97.9
	Percentage of contractors	%	5.5	4.5	2.1	2	2.1
By job function	Production	persons	300	328	381	376	381
	Sales	persons	3,184	3,192	2,772	2,940	2,762
	Researcher	persons	354	364	428	436	429
	Office work	persons	1,047	1,054	1,374	1,254	1,338
	Service Technician	persons	0	0	1,452	1,460	1,522
	Other	persons	20	20	51	23	51
Minority group	Number of people with disabilities	persons	0	0	69	80	102
	Percentage of people with disabilities	%	0	0	1.1	1.2	1.6
	Number of foreigners	persons	5	5	10	10	10
	• South Korea	persons	4,900	4,953	6,448	6,479	6,451
	• United States	persons	3	2	3	3	3
	• Iran	persons	0	0	1	0	1
	• Japan	persons	1	1	1	1	1
	• China	persons	1	1	3	3	3
	• Canada	persons	0	0	0	1	3
	• Australia	persons	0	1	1	1	1
	• New Zealand	persons	0	0	1	1	1
Total overseas employees	Total headcount	persons	N/A	N/A	N/A	N/A	4,222
	International dispatching	persons	N/A	N/A	N/A	N/A	37
	Local hiring	persons	N/A	N/A	N/A	N/A	4,185

※ Excluding internal/external directors, expatriates, and corporate heads  
1. DX Center, Finance Department, Environmental Technology Institute  
2. Mid-level managers  
3. Manager and above, branch director, branch manager  
4. TF Director and above, general director (excluding entry-level)  
5. Executives  
6. Production + production support staff  
7. Technical manager, including junior, senior, head, chief (CS)  
8. Executive+Lecturer+Generalist+Specialist  
9. Service manager, service quality manager  
10. Other positions



Executive Status

Category		Unit	2018	2019	2020	2021	2022
By age	30 to under 50	persons	11	12	18	11	14
	• Male	persons	10	12	14	7	10
	• Female	persons	1	0	4	4	4
	50 and over	persons	14	13	17	20	19
	• Male	persons	13	12	15	18	17
	• Female	persons	1	1	2	2	2

Employee Compensation

Category			Unit	2018	2019	2020	2021	2022
Long-term incentives	Number of employees covered by long-term incentive programs <sup>1)</sup>		persons	6	2	N/A	N/A	2
	Percentage of employees covered by long-term incentive programs <sup>2)</sup>		%	0.12	0.04	0	0	0.03
Average monthly executive salary	Base salary <sup>3)</sup>	• Male	원	3,333,333	24,509,444	43,248,333	44,129,116	51,284,306
		• Female	원	N/A	N/A	N/A	N/A	N/A
		• Male to Female Ratio	%	0	0	0	0	0
	Base salary + bonus <sup>4)</sup>	• Male	원	28,333,333	191,460,111	65,915,000	113,521,616	115,474,306
		• Female	원	N/A	N/A	N/A	N/A	N/A
		• Male to Female Ratio	%	0	0	0	0	0

1. 20182019 Grant of stock options (executives), 2022 Evaluation of long-term performance compensation program (executives and representative directors)  
2. All employees  
3. Registered executives only (excluding outside directors)  
4. Only registered executives (excluding outside directors), bonus is divided into monthly installments and combined with the average monthly salary (1 year's bonus/12 months)

Recruitment Status

Category		Unit	2018	2019	2020 <sup>1)</sup>	2021	2022
Total number of new hires		persons	663	589	1,957	671	427
Job position	Executive	persons	2	9	14	1	2
By gender	Male	persons	253	217	1,686	398	277
	Female	persons	410	372	271	273	150
By age group	Under 30	persons	179	145	53	180	130
	30 to under 50	persons	412	350	1,303	466	270
	50 and over	persons	72	94	164	25	27
By nationality	Korea	persons	663	588	1,956	666	425
	Overseas	persons	N/A	1	1	5	2

1. Service manager (1,498) hired in 2020

Employee Retention

Category		Unit	2018	2019	2020	2021	2022
Turnover rate		%	7.4	10.8	5.8	11	7
Total employee turnover		persons	363	535	373	713	455
Voluntary turnover rate <sup>1)</sup>		%	95.9	92.3	92.8	92.1	90.8
Job position	Employees	persons	346	483	334	653	411
	Executives	persons	2	11	12	4	2
Age	Under 30	persons	103	117	48	101	68
	30 to under 50	persons	203	345	229	311	285
	50 and over	persons	42	73	69	245	60
Gender	Male	persons	143	175	157	210	219
	Female	persons	205	319	216	447	194
Nationality	Korea	persons	348	493	346	657	411
Involuntary turnover rate <sup>2)</sup>		%	4.1	7.7	7.2	7.9	9.2
Job position	Employees	persons	15	41	26	56	42
	Executives	persons	0	0	1	0	0
Age	Under 30	persons	2	2	1	0	3
	30 to under 50	persons	11	28	11	16	6
	50 and over	persons	2	11	15	40	33
Gender	Male	persons	3	11	11	13	15
	Female	persons	12	30	16	43	27
Nationality	Korea	persons	15	41	27	56	42
Average years of service		years	7.5	8.1	6.8	6.9	7.81
Gender	Male	years	7.7	8.2	5	5.3	6.15
	Female	years	7.5	8	8.6	8.6	9.79

1. Retirement classification Dismissal[retirement] at one's own request, executive retirement, early retirement  
2. Retirement classification Recommended resignation, natural resignation, retirement age, disciplinary resignation

Talent Development

Category		Unit	2018	2019	2020	2021	2022
Number of people trained (Cumulative)		persons	N/A	N/A	N/A	N/A	46,762
Total training costs (Company-wide, including sales) <sup>1)</sup>		KRW 1 million	N/A	9,397	4,364	3,064	3,548
Total training costs (Human Resource Development Team) <sup>2)</sup>		KRW 1 million	N/A	1,523	549	514	872
Total training hours (Talent Development Team) <sup>3)</sup>		hours	N/A	109,735	97,207	93,760	132,229
Training cost per person <sup>4)</sup>		KRW	N/A	1,221,331	432,624	342,438	566,234
Training hours per person <sup>5)</sup>		hours/person	N/A	88	77	62	86

1. General, sales training, technical services, other transportation expenses, and in-kind (educational products)  
2. Training expenses for general positions organized by the HR team E-learning and language courses are deducted from salary if not completed and are not included in training expenses.  
3. Training time for general positions organized by the HR team  
4. Training cost per person for general positions managed by HRD team  
5. Training hours per person for general positions organized by HRD team

Employee Complaint Status

Category		Unit	2018	2019	2020	2021	2022
Number of complaints filed		cases	59	28	46	33	30
Complaint handling		cases	59	28	46	33	30
Resolution rates		%	100	100	100	100	100

Actions taken against Discrimination and Harassment in 2021

Category		Unit	2018	2019	2020	2021	2022
Discriminatory behaviors		cases					
Percentage of actions taken against discriminatory behaviors		%					
Workplace harassment		cases					
Percentage of actions taken against workplace harassment		%					



Performance Evaluation

Category		Unit	2018	2019	2020	2021	2022
Frequency of performance reviews		times	5	5	6	6	9
Percentage of employees receiving performance reviews by type	Target management	%	N/A	N/A	N/A	N/A	1
	Multidimensional performance evaluation	%	2	2	2	2	4
	Formal employee comparison rankings by employee category	%	3	3	4	4	4
Percentage of employees who received a performance review		%	30	31	47	54	99

Labor Union

Category		Unit	2018	2019	2020	2021	2022
Labor unionization rate		%	N/A	N/A	N/A	19.8	34.3
Number of labor-management meetings		times	5	4	5	4	4
Consultation agenda		cases	8	7	9	12	87
Agenda items		cases	8	7	9	12	87

Parental Leave

Category			Unit	2018	2019	2020	2021	2022
Total employees using parental leave			persons	110	114	109	129	149
Gender	Male	persons	17	8	12	34	87	
	Female	persons	93	106	97	95	62	
Number of employees who returned to work after taking parental leave			persons	110	114	109	129	141
Gender	Male	persons	17	8	12	34	79	
	Female	persons	93	106	97	95	62	
Employees who returned to work after taking parental leave and stayed for 12 months			persons	89	83	45	90	132
Gender	Male	persons	12	6	3	58	75	
	Female	persons	77	77	42	32	57	
Return to work rates after taking parental leave			%	100	100	100	100	94.6
Gender	Male	%	100	100	100	100	90.8	
	Female	%	100	100	100	100	100	
Retention rate after returning from parental leave (12 months)			%	80.9	72.8	41.3	69.8	88.6
Gender	Male	%	70.6	75	25	170.6	86.2	
	Female	%	82.8	72.6	43.3	33.7	91.9	

Occupational Safety and Health\*

Category		Unit	2018	2019	2020	2021	2022
Number of industrial accidents		cases	0	1	15	225	268
	Employees	cases	0	1	15	225	268
	Subcontractors and suppliers	cases	0	0	0	0	0
Lost Time Injury Frequency Rate (LTIFR)		persons/million hours	0.23	0.18	2.21	5.23	6.29
	Employees	persons/million hours	0.23	0.18	2.21	5.23	6.29
	Subcontractors and suppliers	persons/million hours	0	0	0	0	0
Industrial accident rate		%	0	0.02	0.23	0.9	1.26
	Employees	%	0	0.02	0.23	0.9	1.26
	Subcontractors and suppliers	%	0	0	0	0	0
Fatalities		cases	0	0	0	0	0
	Employees	cases	0	0	0	0	0
	Subcontractors and suppliers	cases	0	0	0	0	0
Number of supplier health and safety competency assessments conducted		times	0	0	0	0	2
Number of supplier risk factors identified		cases	10	10	9	19	28
Percentage of supplier risk factors improved during the year		%	100	100	100	100	100
Percentage of complaints handled through supplier safety complaint channels		%	100	100	100	100	100

\* Based on domestic business sites

## Social Contribution

Category		Unit	2018	2019	2020	2021	2022
Types of social contributions	Social contribution cash investment ratio	%	N/A	N/A	N/A	35	13.2
	Social contribution in-kind investment ratio	%	N/A	N/A	N/A	34	27.5
	Investment rate for social contribution expenses	%	N/A	N/A	N/A	31	59.3
	Number of employees participating in social contribution activities	persons	1,776	3,128	258	0	610
	Cost of social contribution activities (total)	KRW 100 million	8.4	6.5	21.5	11.4	10.7
Political and association contributions	Political contributions <sup>1)</sup>	KRW 1,000	N/A	N/A	N/A	N/A	N/A
	Association contributions	KRW 1,000	430,162	505,759	481,636	464,656	31,000

1. Coway does not make political contributions pursuant to Article 31 (Limitation of Contributions) of the Political Funds Act.

## Suppliers

Category		Unit	2018	2019	2020	2021	2022
All suppliers (total)		companies	N/A	N/A	203	234	202
	Primary suppliers (all)	companies	N/A	N/A	116	144	112
	• Core suppliers	companies	68	68	69	71	71
	Secondary and above suppliers (all)	companies	52	47	87	90	90
	• Core suppliers	companies	52	47	87	90	90
Share of purchases from suppliers	All Partners (total)	%	N/A	N/A	100	100	100
	Primary suppliers (all)	%	N/A	N/A	57	62	76
	• Core suppliers	%	N/A	N/A	34	30	64
	Secondary and above suppliers (all)	%	N/A	N/A	43	38	24
	• Core suppliers	%	N/A	N/A	43	38	24
Supplier ESG assessment	Primary suppliers with ESG risk assessment	companies	N/A	N/A	N/A	N/A	10
	• Primary suppliers categorized as high risk	companies	N/A	N/A	N/A	N/A	0
	Secondary and above suppliers with ESG risk assessment	companies	N/A	N/A	N/A	N/A	0
	• Secondary and above suppliers categorized as high risk	companies	N/A	N/A	N/A	N/A	0
	Percentage of primary suppliers with an ESG risk assessment	%	N/A	N/A	N/A	N/A	9
	Percentage of secondary and above suppliers with ESG risk assessments	%	N/A	N/A	N/A	N/A	0
Support for suppliers	Operation of win-win fund for suppliers	KRW 1 million	20,000	20,000	20,000	20,000	20,000
	Amount of technology development support for suppliers	KRW 1 million	36	47	374	5	2,006
	Number and protection of technology development support for suppliers	cases	16	8	19	8	561
	Expansion of sales to suppliers	KRW 1 million	N/A	N/A	181	382	200
	Supplier Welfare Benefits	units	N/A	122	8,625	75,500	1,035
	Supplier Capacity Building (Training)	individuals	548	186	224	547	374
	Number of Complaints Received from Suppliers	cases	N/A	N/A	N/A	N/A	0
	Percentage of Comments Handled through Complaint Channels	%	N/A	N/A	N/A	N/A	0



Distribution Network Quality Control and Auditing

Category	Unit	2018	2019	2020	2021	2022
Percentage of Distributors (Suppliers) that have updated Customer Service Quality Documentation	%	N/A	N/A	N/A	N/A	100
Percentage of Distributors (Suppliers) with Regular Internal Audits of their Product/Service Distribution Network	%	N/A	N/A	N/A	N/A	100
Percentage of Distributors (Suppliers) with Regular External Audits according to a Company-defined Quality Management System	%	N/A	N/A	N/A	N/A	100
Percentage of Distributors (Suppliers) with Regular External Audits based on ISO9000 Series or other Generally Accepted Quality Management Systems (%)	%	N/A	N/A	N/A	N/A	100

Customer Satisfaction

Category	Unit	2018	2019	2020	2021	2022
Percentage of satisfied respondents in the customer satisfaction (CNPS) survey	%	84.5	82.7	86.9	86.8	92
CNPS survey results	%	79.4	75.1	82.5	82.8	89.7
Customer complaint resolution rate	%	100	100	100	97.3	99.9
Number of customer complaints handled	cases	55,860	179,343	268,915	191,502	235,780

Board Status

Category		Unit	2018	2019	2020	2021	2022
Average Board of Directors Tenure <sup>1)</sup>		years	45 months	8 months	10 months	22 months	30 months
Board Operation	Board Attendance	%	98.6	96.6	100	97.9	100
	Board Re-election Rate	%	57.1	N/A	N/A	N/A	N/A
Independent Director Attendance by Committee	Independent Director Candidate Recommendation Committee	%	100	83.3	100	Not Held	100
	Audit Committee	%	100	94.3	100	100	100
	Number of Audit Committee Meetings	times	4	7	7	4	4
Expertise	Management Professionals	persons	4	2	3	3	3
	Percentage of Management Professionals	%	57.1	28.6	42.9	42.9	37.5
	Industry Specialists	persons	1	2	2	2	2
	Percentage of Industry Specialists	%	14.3	28.6	28.6	28.6	25
	Legal Professionals	persons	1	1	1	1	2
	Percentage of Legal Professionals	%	14.3	14.3	14.3	14.3	25
	Finance/Accounting Professionals	persons	1	2	1	1	1
	Percentage of Finance/Accounting Professionals	%	14.3	28.6	14.3	14.3	12.5
Board Composition	Executive Directors	persons	1	1	3	3	3
	Independent Directors	persons	4	5	4	4	5
	Other Non-executive Directors	persons	2	1	0	0	0
	Number of Female Directors <sup>2)</sup>	persons	0	0	0	0	1
	Number of Female Executives Who Are Not Controlling Shareholders and Relatives <sup>2)</sup>	persons	0	0	0	0	1

1. The average tenure of your employees at the end of the year  
2. Appointed March 31, 2022

Board Remuneration

Category		Unit	2018	2019	2020	2021	2022
Highest Compensation		KRW 1,000	700,604	3,131,650	776,947	1,124,025	1,236,810
Average Employee Compensation		KRW 1,000	56,882	60,697	52,427	55,353	57,000
Highest Compensation as a Percentage of Average Employee Compensation		times	12.3	51.6	14.8	20.3	21.7
Total Compensation of Registered Directors		KRW 1,000	700,604	4,825,071	1,783,196	2,442,311	2,853,001
Average Compensation per Registered Person		KRW 1,000	700,604	4,825,071	594,399	814,104	951,000
Total Compensation of Outside Directors		KRW 1,000	30,968	106,919	50,810	42,000	73,613
Average Compensation per Outside Director		KRW 1,000	30,968	35,640	50,810	42,000	36,806
Total Compensation for Audit Committee Members		KRW 1,000	163,089	92,210	122,017	126,000	126,000
Average Compensation per Audit Committee Member		KRW 1,000	40,772	30,737	40,672	42,000	42,000
Non-audit Service Fees Compared to Audit Service Fees Paid to External Auditors		%	0	104.5	3.9	6.6	0



Ethical Management

Category	Unit	2018	2019	2020	2021	2022
Employee/Supplier misconduct reports (Total)	cases	N/A	N/A	N/A	7	34
Gifts/Favors	cases	N/A	N/A	N/A	0	1
Information leakage	cases	N/A	N/A	N/A	1	1
Unfair trade	cases	N/A	N/A	N/A	2	7
Embezzlement/Misappropriation	cases	N/A	N/A	N/A	0	2
Harassment/Sexual harassment	cases	N/A	N/A	N/A	1	4
Other misconduct	cases	N/A	N/A	N/A	3	19
Product/Service/Sales customer complaints (total)	cases	N/A	N/A	N/A	105	24
Product/Service	cases	N/A	N/A	N/A	17	3
Delayed processing/unfriendliness	cases	N/A	N/A	N/A	37	11
Poor response/lack of guidance	cases	N/A	N/A	N/A	11	5
Irregular sales	cases	N/A	N/A	N/A	40	5
Percentage of workplaces where corruption diagnosis was conducted	%	N/A	N/A	N/A	100	100
Measures for code of ethics violations	cases	N/A	N/A	N/A	11	11
Ethics Training	Total participants	persons	4,245	196	5,944	6,091
	Engagement rate	%	89	100	90	100

Fines and Settlements for Anti-trust/Anti-competitive behavior

Category	Unit	2018	2019	2020	2021	2022
Total amount	KRW	0	0	0	0	0
Percentage of revenue	%	0	0	0	0	0

Corruption and Bribery Cases

Category	Unit	2018	2019	2020	2021	2022
Total number of corruption and bribery cases	cases	0	0	0	0	0

Knowledge Value

Category	Unit	2018	2019	2020	2021	2022
Research and development expenses <sup>1)</sup>	KRW 1 million	77,075	75,308	74,477	98,192	95,759
Percentage of sales	%	2.85	2.49	2.30	2.68	2.48
R&D personnel	persons(FTE)	354	364	428	436	429

1. Company-wide, total cost of the labor G&A fees + product development projects

Patents and Intellectual Property

Category	Unit	2018	2019	2020	2021	2022
Total	cases	4,456	5,026	5,274	6,526	6,851
Patent	cases	930	1,107	1,147	1,946	2,129
Utility	cases	17	10	3	33	41
Trademark	cases	2,841	3,124	3,283	3,601	3,662
Designs	cases	668	785	841	946	1,019

\* Number of rights retained

Violations of Privacy Laws/Regulations

Category	Unit	2018	2019	2020	2021	2022
Number of privacy and cybersecurity breaches	cases	0	0	0	0	0
Number of breaches involving customer privacy	cases	0	0	0	0	0
Number of customers impacted by data breaches	persons	0	0	0	0	0
Total amount of fines, penalties, citations, etc. issued for data protection and cybersecurity-related incidents	KRW	0	0	0	0	0

Participation in Information Security Training

Category	Unit	2018	2019	2020	2021	2022
Number of employees participants	persons	N/A	4,888	4,729	6,172	6,046
Partner companies participation rate	%	N/A	100	100	100	100
Fiduciary/contractor participation rate	%	N/A	100	100	100	100

Product Recalls

Category	Unit	2018	2019	2020	2021	2022
Number of product lines whose products were recalled	lines	0	0	0	0	0
The cost of the recall for the business year	KRW	0	0	0	0	0
Revenue	KRW	0	0	0	0	0
Recall costs as a percentage of annual revenue	%	0	0	0	0	0

Tax Report

Category		Unit	2018	2019	2020	2021	2022
Net income before income tax expenses		Thousand KRW	468,567,061	451,418,558	540,379,082	658,552,414	683,308,004
• Korea		Thousand KRW	438,373,398	386,656,581	377,091,478	475,854,904	542,576,361
• Asia		Thousand KRW	27,929,346	63,293,609	144,167,766	177,485,629	142,319,325
• Americas		Thousand KRW	2,264,317	1,468,368	19,119,838	5,547,014	465,668
• Europe		Thousand KRW	N/A	N/A	N/A	335,133	2,053,350
Corporate tax burden	Korea	Thousand KRW	112,027,857	95,817,622	93,042,670	122,850,190	139,535,548
	Asia	Thousand KRW	5,702,416	16,965,720	40,831,343	52,375,057	49,092,704
	Americas	Thousand KRW	763,669	994,762	4,368,234	708,029	68,282
	Europe	Thousand KRW	N/A	N/A	N/A	5,626	19,610
Tax credit		Thousand KRW	142,015	182,651	4,474	35,122	221
Permanent difference		Thousand KRW	432,685	6,146,218	3,187,694	2,348,730	7,560,628
Deferred tax unrecognized among temporary differences		Thousand KRW	5,910,785	1,869,336	7,707,974	7,793,800	19,212,724
Corporate tax payment (refund)		Thousand KRW	4,770,130	627,398	7,928,719	N/A	N/A
Others		Thousand KRW	304,324	3,027,522	838,888	7,031,261	10,062,333
Income tax expense	Korea	Thousand KRW	109,748,571	124,806,100	144,963,137	92,360,480	200,998,695
	Asia	Thousand KRW	10,699,296	26,365,309	44,055,817	54,860,374	70,667,253
	Americas	Thousand KRW	25,424	250,235	3,009,865	5,768,401	6,512,020
	Europe	Thousand KRW	N/A	N/A	N/A	N/A	N/A
Nominal tax rate		%	N/A	N/A	N/A	26.71	27.61
Effective tax rate items	Profit before tax (Korea)	Thousand KRW	438,373,398	386,656,581	377,091,478	475,854,904	542,576,361
	Profit before tax (Asia)	Thousand KRW	27,929,346	63,293,609	144,167,766	177,485,629	142,319,325
	Profit before tax (Americas)	Thousand KRW	2,264,317	1,468,368	19,119,838	5,547,014	465,668
	Profit before tax (Europe)	Thousand KRW	N/A	N/A	N/A	335,133	2,053,350
	Taxes reported	KRW	118,755,573	119,210,883	135,668,222	193,066,319	225,512,388
	Effective tax rate	%	25.34	26.41	25.11	29.32	33
	Cash taxes paid	KRW	120,473,291	151,421,644	192,028,819	152,989,255	278,177,968
	Cash tax rate	%	25.71	33.54	35.54	23.23	40.71



**Policies & Initiatives / Sustainability Policies**

Human Rights Management

- Human Rights Policy (KOR) >
- Human Rights Policy (ENG) >

Ethical Management

- The Charter of Ethics (KOR) >
- The Charter of Ethics (ENG) >
- The Regulation of Ethics (KOR) >
- The Regulation of Ethics (ENG) >
- The Code of Ethics (KOR) >
- The Code of Ethics (ENG) >

Safety and Health Management

- Safety and Health Management Policy (KOR) >
- Safety and Health Management Policy (ENG) >







Supplier Sustainability

- Supplier Code of Conduct (KOR) >
- Supplier Code of Conduct (ENG) >

Environment

- Principles and Strategies for Environmental Management (KOR) >
- Principles and Strategies for Environmental Management (ENG) >
- Carbon Report 2020 (KOR) >
- Carbon Report 2019 (KOR) >
- Carbon Report 2018 (KOR) >

Major International Sustainability Performances

	Included in DJSI Asia Pacific		ESG Rating A
	Climate Change B-		ESG Comprehensive B+ E A S A G B
	Maintained FTSE4Good		ESG Risk Rating 16.1(Risk Low)

Participation in Global Initiatives



UNGC(United Nations Global Compact)

Coway joined the United Nations Global Compact (UNGC) in June 2006. As a corporate citizen who fulfills social responsibility, we fulfill our duty by pursuing growth by adhering to and practicing the 10 principles of human rights, labor, environment, and anti-corruption. This Sustainability Report is a self-assessment and commitment to Coway's present and future.



SDGs(Sustainable Development Goals)

Coway seeks new growth opportunities and achieves sustainable growth by developing and implementing solutions to achieve SDGs as the United Nations announces Sustainable Development Goals (SDGs) that the international community must achieve, following the Millennium Development Goals (MDGs).



CDP (Carbon Disclosure Project)

CDP (Carbon Disclosure Project) Coway is regularly verified from the Korean Committee of the Carbon Disclosure Project (CDP), a non-profit organization, and continues its efforts to respond to climate change and conserve water.



United Nations Conference on Climate Change (COP21)

Support for the Global Climate Change Convention In December 2015, Coway declared support for the “Global Climate Change Convention” of the United Nations General Conference on Climate Change (COP21), which was reached in 195 countries in Paris, France, and established a voluntary carbon reduction plan.



GRI

The Global Reporting Initiatives (GRI) is an international organization that provides guidelines for corporate sustainability reports. Coway has determined certain material topics in accordance with the GRI 2021 criteria and publicly reports information on them.

GRI Standards 2021

Category	Indicator		보고 위치
General Information Disclosure	2-1	Organization details	Coway   Coway > Business area   Coway > Business area – Republic of Korea – Domestic locations of operations >
	2-2	List of organizations included in the Sustainability Report	About This Report >
	2-3	Reporting periods, reporting cycles, and contacts	About This Report >
	2-4	Restatement of information	If there is a major change, it is indicated by a comment in the information.
	2-5	External assurance	Independent Assurance Statement >
	2-6	Activities, value chains, and other business relationships	Coway – Home - Products > Value Creation Story >
	2-7	Employees	ESG Data - Social - Employee Status >
	2-8	Other workers	N/A
	2-9	Governance	Corporate Governance - Responsible management centered on the Board of Directors >
	2-10	Nominating and selecting the highest governance body	Corporate Governance - Board independence and expertise > Governance – Committees under the board >
	2-11	Chair of the highest governance body	Corporate Governance - Responsible management centered on the Board of Directors >
	2-12	Role of the highest governance body to oversee impact management	Corporate Governance - Responsible management centered on the Board of Directors >
	2-13	Delegating responsibility for impact management	Sustainability management system – Implementation framework >
	2-14	Highest governance body's role in sustainability reporting	Corporate governance - Committees under the board >
	2-15	Conflicts of interest	Corporate Governance - Board independence and expertise - Criteria for determining independent director independence and conflicts of interest >
	2-16	Communication on critical issues	Corporate Governance - Committees under the board >
	2-17	Collective knowledge in the highest governance body	Corporate Governance - Board independence and expertise >
	2-18	Evaluating the performance of the highest governance body	Corporate Governance - Performance evaluation and remuneration >
	2-19	Remuneration policies	Corporate Governance - Performance evaluation and remuneration >
	2-20	Remuneration determination process	Corporate Governance - Performance evaluation and remuneration >
	2-21	Annual total compensation	Corporate Governance - Performance evaluation and remuneration >
	2-22	Statement on sustainable development strategy	CEO Message >
	2-23	Policy commitments	Sustainability Management System - Implementation Framework >
	2-24	Responsibility for policy commitments	Sustainability Management System - ESG management vision >
	2-25	Process for addressing negative impacts	Privacy & Information Security - Risk management, hazardous materials - Hazardous materials management > Human Rights - Human rights risk identification and mitigation processes > Risk Management - Enterprise-wide risk management system > Risk Management - Management of potential risks >
	2-26	Mechanisms for addressing raised concerns and advice	Ethical Management > Ethical Management - Ethical diagnosis and monitoring >

	2-27	Compliance with legislation	<a href="#">ESG Data - Environmental - Environmental Laws and Regulations</a> <a href="#">ESG Data - Governance - Violations of Privacy Laws/Regulations</a> <a href="#">ESG Data - Governance – Anti-trust/anti-competitive fines and settlements</a>
	2-28	Membership organizations	<a href="#">ESG Data - Social - Social contribution</a>
	2-29	Stakeholder engagement methods	<a href="#">Stakeholders - Stakeholder engagement and material topics</a>
	2-30	Collective bargaining agreements	<a href="#">ESG Data - Social - Labor unions</a>
Materiality	3-1	The process for determining material topics	<a href="#">Double Materiality Assessment - Double materiality assessment process</a>
	3-2	Manage material topics	<a href="#">Double Materiality Assessment - Double materiality assessment results</a>
	3-3	Material topics list	<a href="#">Double Materiality Assessment - Managing and reporting material issues</a>
Economic Performance	201-1	Direct economic value generated and distributed	<a href="#">Value Creation Story - Business value chain</a> <a href="#">Value Creation Story - Economic value creation</a> <a href="#">Value Creation Story - Economic value distribution</a>
	201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">Climate Change – Risk management</a>
	201-3	Defined benefit pension liabilities and other retirement plans	N/A
	201-4	Government financial assistance	N/A
Locations of Operations	202-1	Ratio of entry-level wages to the minimum wage in the local community where the business is located (analyzed by gender)	<a href="#">Corporate Governance - Performance evaluation and remuneration</a> <a href="#">ESG Data - Social - Executive compensation</a>
	202-2	Percentage of senior executives hired from the local community where the business is located	<a href="#">ESG Data - Social - Executive status</a>
Indirect Economic Impact	203-1	Supporting infrastructure investments and services	<a href="#">Contributing to the Community - A commitment to clean water and air - Social contribution</a>
	203-2	Important indirect economic impacts	<a href="#">Value Creation Story</a>
Procurement Practice	204-1	Percentage of cost spent on local suppliers	<a href="#">Value Creation Story - Creating economic value</a>
Anti-Corruption	205-1	Workplace corruption risk assessment	<a href="#">Ethical Management - Ethics diagnosis and monitoring - Ethics status diagnosis and monitoring</a>
	205-2	Communication and training on anti-corruption policies and procedures	<a href="#">Ethical Management - Ethical training</a>
	205-3	Identified cases of corruption and actions taken	<a href="#">Ethical Management - Ethics diagnosis and monitoring</a>
Anti-Competitive Behavior	206-1	Legal action for unfair trade practices such as anticompetitive behavior, monopolies, etc.	N/A
Tax	207-1	Tax approach	<a href="#">Value Creation Story - Tax policy</a>
	207-2	Governance, controls and risk management for tax strategy	<a href="#">Value Creation Story - Tax policy</a>
	207-3	Engaging and managing tax stakeholders	<a href="#">Stakeholders - Stakeholder engagement and important topics - Stakeholder engagement</a>
	207-4	Reporting by country	<a href="#">Value Creation Story - Tax policy - Tax payment status</a>
Raw Materials	301-1	Weight or volume of raw materials	<a href="#">Waste and Resource Circulation- Resource saving efforts</a> <a href="#">ESG Data - Environment - Materials</a>
	301-2	Percentage of recycled content	<a href="#">Waste and Resource Circulation- Resource saving efforts</a> <a href="#">Enhancing Eco-Friendly Products and Technologies - Risk Management - Life Cycle Assessment</a> <a href="#">Eco-friendly Products and Technology Enhancement - Strategy - Designing products with lifecycle environmental impacts</a> <a href="#">ESG Data - Environment - Materials</a>
	301-3	Recycled product and packaging	<a href="#">Waste and Resource Circulation- Resource saving efforts</a> <a href="#">Enhancing Eco-Friendly Products and Technologies - Risk Management - Life Cycle Assessment</a> <a href="#">Eco-friendly Products and Technology Enhancement - Strategy - Designing products with lifecycle environmental impacts</a>
Energy	302-1	Energy consumption inside the organization	<a href="#">ESG Data – Environment – Energy</a>
	302-2	Energy consumption outside the organization	<a href="#">ESG Data – Environment – Energy</a> <a href="#">ESG Data – Environment –Greenhouse gases</a> <a href="#">Climate Change - Indicators and targets</a>



	302-3	Energy intensity	ESG Data – Environment – Energy <a href="#">➤</a>
	302-4	Reducing energy consumption	Enhancing Eco-Friendly Products and Technologies - Certifications/Products/Design & Packaging <a href="#">➤</a> ESG Data - Environment - Energy <a href="#">➤</a>
	302-5	Reducing the energy requirements of products and services	ESG Data – Environment – Energy <a href="#">➤</a>
Water and Wastewater	303-1	Utilizing and exchanging water sharing resources	Water - Water resources management <a href="#">➤</a> Water - Processes <a href="#">➤</a> Water - Water usage and risk management <a href="#">➤</a>
	303-2	Managing water-discharging impacts	Water - Water resources management <a href="#">➤</a> Water - Water usage and risk management <a href="#">➤</a>
	303-3	Water intake	ESG Data – Environment – Water <a href="#">➤</a>
	303-4	Water discharge	ESG Data – Environment – Water <a href="#">➤</a>
	303-5	Water usage	ESG Data – Environment – Water <a href="#">➤</a>
Biodiversity	304-1	Sites owned, leased, or operated in or near protected areas and areas of high biodiversity value	N/A
	304-2	The impact of the organization's operations, products, and services on biodiversity	N/A
	304-3	Habitat protection or restoration	N/A
	304-4	IUCN Red List and nationally protected species that live in areas affected by the organization's operations	N/A
Greenhouse Gas Emissions	305-1	Direct greenhouse gas emissions (Scope1)	Climate Change - Indicators and targets - Carbon emissions management <a href="#">➤</a> ESG Data - Environment - Greenhouse gases <a href="#">➤</a>
	305-2	Indirect greenhouse gas emissions (Scope2)	Climate Change - Indicators and targets - Carbon emissions management <a href="#">➤</a> ESG Data - Environment - Greenhouse gases <a href="#">➤</a>
	305-3	Other indirect greenhouse gas emissions (Scope3)	Climate Change - Indicators and targets - Carbon emissions management <a href="#">➤</a> ESG Data - Environment - Greenhouse gases <a href="#">➤</a>
	305-4	Greenhouse gas emissions intensity	Climate Change - Indicators and targets - Carbon emissions management <a href="#">➤</a> ESG Data - Environment - Greenhouse gases <a href="#">➤</a>
	305-5	Reducing greenhouse gas emissions	Climate Change - Indicators and targets - Carbon emissions management <a href="#">➤</a> ESG Data - Environment - Greenhouse gases <a href="#">➤</a>
	305-6	Ozone depleting substance (ODS) emissions	N/A
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other critical air emissions.	N/A
Supplier Environmental Assessment	306-1	Waste generation and critical waste impacts	Waste and Recycling - Resources <a href="#">➤</a> Waste and recycling - Reducing the environmental impact of the product lifecycle <a href="#">➤</a>
	306-2	Managing critical waste impacts	Waste and Recycling – Resources <a href="#">➤</a> Waste and Recycling - Resources, waste and recycling - Reducing the environmental impact of the product lifecycle <a href="#">➤</a>
	306-3	Waste generation	ESG Data – Environmental – Waste <a href="#">➤</a>
	306-4	Waste not discarded	ESG Data – Environmental – Waste <a href="#">➤</a>
	306-5	Waste destined for disposal	ESG Data – Environmental – Waste <a href="#">➤</a>
Supplier Environmental Assessment	308-1	New suppliers screened for environmental standards	N/A
	308-2	Negative environmental impacts in the supply chain and actions to address them	N/A
Employment	401-1	New hires and turnover	ESG Data - Social - Employee recruitment <a href="#">➤</a> ESG Data - Social - Employee retention <a href="#">➤</a>
	401-2	Benefits for full-time workers that are not available to temporary workers	Talent Management   Coway <a href="#">➤</a> Recruitment - Talent management - HR - Benefits <a href="#">➤</a> Safety and Health - Health and wellness activities <a href="#">➤</a> Employees - Corporate culture <a href="#">➤</a>
	401-3	Parental leave	ESG Data– Social – Parental leave <a href="#">➤</a>






Labor Management Relations	402-1	Minimum notice period for operational changes	Employees - Sound labor practices <a href="#">▶</a>
Occupational Safety and Health	403-1	Occupational safety and health management systems	Health and Safety - Health and safety management system <a href="#">▶</a>
	403-2	Hazard identification, risk assessment and incident investigation	Health and Safety - Health and safety activities - Activities to prevent critical incidents <a href="#">▶</a>
	403-3	Occupational health services	Health and Safety - Health and safety activities <a href="#">▶</a>
	403-4	Worker participation, consultation and communication on occupational safety and health	Health and Safety - Health and safety management system <a href="#">▶</a>
	403-5	Occupational safety and health worker training	Health and Safety - Health and safety activities – Health and safety training <a href="#">▶</a>
	403-6	Promoting worker health	Health and Safety - Health and safety activities <a href="#">▶</a>
	403-7	Prevent and reduce occupational health and safety impacts directly linked to business relationships	Health and Safety - Health and safety activities – Activities to prevent critical incidents <a href="#">▶</a>
	403-8	Workers covered by an occupational health and safety management system	Health and Safety - Health and safety activities - Industrial safety management certification and performance <a href="#">▶</a>
	403-9	Work-related injuries	ESG Data - Social - Occupational health and safety <a href="#">▶</a>
	403-10	Work-related illness	ESG Data - Social - Occupational health and safety <a href="#">▶</a>
Training & Education	404-1	Average hours of training per worker	ESG Data - Social – Talent development <a href="#">▶</a>
	404-2	Employee empowerment and lifelong learning programs	Employees - Employee empowerment - Employee training programs <a href="#">▶</a>
	404-3	Percentage of employees receiving regular performance and career development reviews	ESG Data – Social – Performance assessments <a href="#">▶</a>
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	ESG Data – Social – Employee status <a href="#">▶</a>
	405-2	Ratio of base salary and remuneration for men to women	ESG Data – Social – Employee remuneration <a href="#">▶</a>
Non-discrimination	406-1	차별 사례 및 이에 대한Cases of discrimination and corrective actions taken 시정조치	ESG Data – Social – Update on actions against discrimination and harassment in 2021 <a href="#">▶</a> ESG Data – Social – Employee complaint status <a href="#">▶</a>
Freedom of Assembly	407-1	Operations and suppliers at risk of undermining the right to organize and bargain collectively	N/A
Child Labor	408-1	Operations and suppliers at risk for child labor	Supply Chain ESG - Supply Chain ESG Assessment <a href="#">▶</a>
Forced Labor	409-1	Operations and suppliers at high risk for forced or compulsory labor	Supply Chain ESG - Supply Chain ESG Assessment <a href="#">▶</a>
Security Practices	410-1	Security personnel trained on human rights policies and procedures	N/A
Indigenous People	411-1	Cases of violations against the rights of indigenous people	N/A
Local Communities	413-1	Operations with community engagement, impact assessment, and development programs	Community Service - Coway's social contribution <a href="#">▶</a>
	413-2	Operations with significant actual or potential negative impacts on local communities	N/A
Supplier Social Assessment	414-1	New suppliers screened against social criteria	Supply Chain ESG - Supplier code of conduct <a href="#">▶</a> ESG Data – Social - Suppliers <a href="#">▶</a>
	414-2	egative social impacts in our supply chain and actions taken to address them	Supply Chain ESG - Supply Chain ESG Assessment <a href="#">▶</a> ESG Data – Social - Suppliers <a href="#">▶</a>
Public Policy	415-1	Political Contributions	Supply Chain ESG - Supply chain ESG assessment <a href="#">▶</a>
Customer Health & Safety	416-1	Assessing the health and safety impacts of products / services	Product Quality and Safety - Risk management <a href="#">▶</a>
	416-2	Violations related to health and safety impacts of products/services	N/A
Marketing & Labeling	417-1	Product/Service information and labeling requirements	Product Quality & Safety Strategy <a href="#">▶</a> Product quality & safety - risk management <a href="#">▶</a>
	417-2	Violations related to product/service information and labeling	N/A
	417-3	Violations related to marketing communications	N/A
Customer Privacy	418-1	Substantiated complaints of customer privacy violations and loss of customer information	No information security breaches in the reporting period ESG Data - Governance - Violations of privacy laws/ regulations <a href="#">▶</a>














SASB

The SASB (Sustainability Accounting Standards Board) is a non-profit organization that sets standards for non-financial reporting. SASB suggests a topic of sustainability risk that is relevant to each industry and encourages companies to continuously report on the topic to communicate with investors and stakeholders. Coway, the core of the environmental home appliances rental business, reported under the standards of two industries due to its high connection to the consumer electronics manufacturing (Appliance Manufacturing) and consumer services professional and commercial services (Professional and Commercial Service) industries.

Appliance Manufacturing - Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metric	Contents
Product Safety	CG-AM-250a.1	Number of (1) recalls issued and (2) total units recalled	N/A
	CG-AM-250a.2	Discussion of process to identify and manage safety risks associated with the use of its products	Product Quality and Safety - Risk Management 
	CG-AM-250a.3	Total amount of monetary losses as a result of legal proceedings associated with product safety	N/A
Product Lifecycle Environmental Impacts	CG-AM-410a.1	Percentage of eligible products by revenue certified to the ENERGY STAR® program	Not applicable. We manage the energy efficiency of products in accordance with the 'Energy Consumption Efficiency Grade Labeling System' for home appliances in Korea. Strengthening eco-friendly products and technologies – Strategy 
	CG-AM-410a.2	percentage of eligible products certified to an Association of Home Appliance Manufacturers(AHAM) sustainability standard	N/A
	CG-AM-410a.3	Description of efforts to manage products' end-of-life impacts	Waste and Resource Circulation– Resources - Resource circulation cycle  Waste and Resource Circulation– Life cycle environmental impact reduction - Recovery and recycling 
Activity Metric	CG-AM-000.A	Annual production	Business Report (2022.12) - II. Contents of Business - 3. Raw Materials and Production Facilities 

Professional and Commercial Service - Sustainability Disclosure Topics & Accounting Metrics

Topic	SASB Code	Accounting Metric	Contents
Data Security	SV-PS-230a.1	Description of approach to identifying and addressing data security risks	Privacy Protection and Security - Strategy  Privacy Protection and Security – Risk management 
	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information	Privacy Protection and Security - Strategy 
	SV-PS-230a.3	(1) Number of data breaches, (2) percentage involving customers' confidential business information(CBI) or personally identifiable information(PII), (3) number of customers affected	ESG Data – Governance – Violations of privacy laws/ regulations  No Information security breaches or incidents
Workforce Diversity & Engagement	SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	Corporate Governance - Responsible management centered on the Board of Directors - Board composition  ESG Data – Social – Employee status  ESG Data – Social – Executive status 
	SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for employees	ESG Data – Social – Employee retention 
	SV-PS-300a.3	Employee engagement as a percentage	N/A
Professional Integrity	SV-PS-510a.1	Description of approach to ensuring professional integrity	Ethical Management – Code of ethics  Ethical Management – Ethical training 
	SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	N/A
Activity Metric	SV-PS-000.A	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	ESG Data – Social – Employee status 
	SV-PS-000.B	Employee hours worked, percentage billable	N/A

TCFD

TCFD (Task force on Climate-related Financial Disclosures) is a climate change-related financial information disclosure consultative body. TCFD recommends quantifying the risks and opportunities posed by climate change, integrating them financially and disclosing them. Coway manages and supervises risks and opportunities related to climate change in accordance with the TCFD recommendations, and discloses relevant information through this report and various stakeholder communication channels.

TCFD Index

Category	TCFD Recommended Disclosures	Contents
Governance	a) Describe the board's oversight of climaterelated risks and opportunities.	Climate Change - Governance - Climate action organizations >
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Risk Management - Company-wide risk management system >
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Climate Change – Risk Management – Analyzing the impact of Coway's physical risks under climate scenarios >
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate Change – Risk Management – Analyzing Coway's opportunities under climate scenarios >
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate Change – Risk Management – Recovery resilience >
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Risk Management - Company-wide risk management system >
	b) Describe the organization's processes for managing climate-related risks.	Climate Change – Risk Management – Climate change risk management process >
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics & Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate Change - Indicators and targets >
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Climate Change - Activities to address climate change >
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	



# Independent Assurance Report on the Identified Sustainability Information in Coway's Sustainability Report

## To the management of Coway

We have undertaken a limited assurance engagement in respect of the selected sustainability information (the 'Identified Sustainability Information') in the Coway's Web Sustainability Report for the year ended 31 December 2022 ('the Sustainability Report') listed below.

## Identified Sustainability Information

The Identified Sustainability Information included in the Coway's Web Sustainability Report (<http://sustainability.coway.com>) for the year ended 31 December 2022 is summarized below:

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability Report and, therefore, do not express any conclusion thereon.

## Criteria

The criteria used by Coway to prepare the Identified Sustainability Information on 'GRI Standards 2021' and 'Sustainability Accounting Standard Board (SASB)' and 'TCFD (Force on Climate-related Financial Disclosures)' (the 'Criteria').

## Coway's Responsibility for the Identified Sustainability Information

Coway is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

## Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability.

## Our Independence and Quality Control

We have complied with the ethical requirements of the Republic of Korea, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement. A limited assurance engagement involves assessing the suitability in the circumstances of Coway's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interview with the personnel responsible for internal reporting and data collection regarding Coway's Identified Sustainability Information to understand their approaches to managing material issues
- Review documents relevant to output from the risk assessment process, sustainability-related policies and standards, materiality assessment, engagement activities of the stakeholders and others
- Understand the systems and processes in place for managing and reporting the Identified Sustainability Information of Coway Seoul office
- Perform inquiries and analytical reviews on the Identified Sustainability Information.

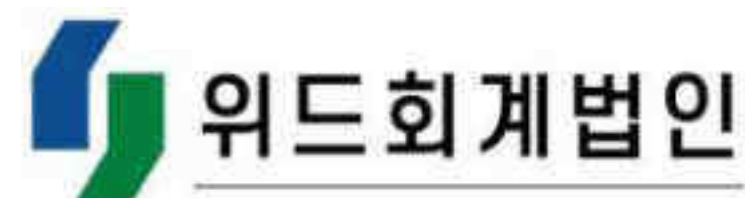
The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Coway's identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

## Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Coway's Identified Sustainability Information the year ended December 31, 2022 is not prepared, in all material respects, in accordance with the Criteria.

## Restricted Use

This Report is prepared solely for the management of Coway to assist in obtaining understanding of Coway's sustainable management performance and activities. Accordingly, we accept no liability or responsibility to any third party, other than Coway and its management, who gains access to this report.



WITH Accounting Corporation  
YoungSuk Lee, Chief Executive Officer  
23. June, 2023



This assurance report is valid as of the assurance report date (23 June 2023). This may result in events or situations that may have a significant impact on the company's web report between the date of the assurance report and the time it is viewed, which may result in modification of the verification report.

GHG · Solar Verification Statement

- GHG · Solar Verification Statement 2022
- GHG · Solar Verification Statement 2021
- GHG · Solar Verification Statement 2020
- GHG · Solar Verification Statement 2019
- GHG · Solar Verification Statement 2018

Water Verification Statement

- Water Verification Statement 2022
- Water Verification Statement 2021
- Water Verification Statement 2020
- Water Verification Statement 2019
- Water Verification Statement 2018



# 2022 Sustainability Report



## Year-by-Year Reports

2021

PDF Report (KOR) >  
PDF Report (ENG) >

2020

PDF Report (KOR) >  
PDF Report (KOR) >

2019

PDF Report (KOR) >  
PDF Report (KOR) >

2018

PDF Report (KOR) >  
PDF Report (KOR) >

2017

PDF Report (KOR) >  
PDF Report (KOR) >

2016

PDF Report (KOR) >  
PDF Report (KOR) >

2015

PDF Report (KOR) >  
PDF Report (KOR) >

2014

PDF Report (KOR) >  
PDF Report (KOR) >

2013

PDF Report (KOR) >  
PDF Report (KOR) >

2012

PDF Report (KOR) >  
PDF Report (KOR) >

2011

PDF Report (KOR) >  
PDF Report (KOR) >

2010

PDF Report (KOR) >  
PDF Report (KOR) >